

Tallinn University of Technology Doctoral Theses  
Series I: Social Sciences, No. 32

# **Participatory Budgeting: Theoretical Models and Applicability in Estonia and Beyond**

JELIZAVETA KRENJOVA

TALLINN UNIVERSITY OF TECHNOLOGY  
School of Business and Governance  
Ragnar Nurkse Department of Innovation and Governance

**The thesis was accepted for the defense of the degree of Doctor of Philosophy  
in Public Administration on 8 September 2017.**

**Supervisor:** Professor Dr. Ringa Raudla,  
Tallinn University of Technology, Estonia

**Opponents:** Professor Dr. Colin Copus,  
De Montfort University, United Kingdom

Professor Dr. Thomas A. Bryer,  
University of Central Florida, United States

Defense of the thesis: 8 November 2017

Declaration

*Hereby I declare that this doctoral thesis, my original investigation and achievement, submitted for the doctoral degree at Tallinn University of Technology, has not been submitted for any other degree or examination.*

/Jelizaveta Krenjova/



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ISSN 1406-4790  
ISBN 978-9949-83-159-3 (publication)  
ISBN 978-9949-83-160-9 (PDF)

# CONTENTS

LIST OF ORIGINAL PUBLICATIONS.....	4
FOCUS AND AIM OF THE THESIS.....	5
METHODOLOGY .....	10
THEORETICAL PERSPECTIVES: SKETCHING AND VISUALISING THE EUROPEAN MODELS OF PB.....	12
PB Process Design Elements, European Models and Contexts .....	12
Different Objectives of European PBs and their Underlying Values.....	18
EMPIRICAL PERSPECTIVE: PB IN THE CEE REGION AND IN ESTONIA.....	22
Challenges and Opportunities for the CEE countries.....	22
The Launch and Diffusion of PB in Estonian Local Governments.....	25
DISCUSSION: WHAT HAS TRAVELLED ACROSS THE ATLANTIC?.....	32
The Travel to Estonia: ICTs at the Service of Participatory Processes.....	32
Normative Perspective: Communicative vs Empowerment Dimensions of PB.....	35
CONCLUDING REMARKS AND DIRECTIONS FOR FURTHER RESEARCH .....	41
REFERENCES .....	43
LÜHIKOKKUVÕTE.....	52
ACKNOWLEDGEMENTS.....	56
PUBLICATIONS (Articles I-IV) .....	59
ELULOOKIRJELDUS .....	157
CURRICULUM VITAE.....	159

## LIST OF ORIGINAL PUBLICATIONS

The dissertation is based on the following original publications:

- I. **Krenjova, J.** and R. Raudla. 2013. "Participatory Budgeting at the Local Level: Challenges and Opportunities for New Democracies." *Halduskultuur – Administrative Culture* 14(1), Theme Issue: Local Governance, Decentralization and Participation – Meta-Governance Perspectives, 18-46.
- II. Kersting, N., J. Gasparikova, A. Iglesias and **J. Krenjova**. 2016. "Local Democratic Renewal by Deliberative Participatory Instruments: Participatory Budgeting in Comparative Study." In Kuhlmann, S. and G. Bouckaert (eds.). *Local Public Sector Reforms in Times of Crisis*. London: Palgrave Macmillan UK, 317-331.
- III. **Krenjova, J.** and K. Reinsalu. 2013. "Good Governance Starts from Procedural Changes: Case Study of Preparing Participatory Budgeting in the City of Tartu." *Socialiniai Tyrimai* 3(32), 28-40.
- IV. **Krenjova, J.** and R. Raudla. 2017. "Policy Diffusion at the Local Level: Participatory Budgeting in Estonia." *Urban Affairs Review*. doi.1078087416688961.

## **FOCUS AND AIM OF THE THESIS**

Jean-Jacques Rousseau's and John Stuart Mill's postulates about participatory democracy place participation at the centre of democratic processes. Individuals and institutions cannot be viewed separately from one another, and the mere existence of representative institutions is not considered sufficient for democracy. According to Rousseau, participation in the decision-making is the necessary condition for individual attitudes and psychological qualities to develop. Mill's ideas were supplementary to this assumption as he argued that it is at the local level that the citizen "learns how to govern himself". The issues dealt with at the local level directly affect the individual, and by participating at this level (s)he "learns democracy". As Mill puts it, "it is only by practicing popular government on a limited scale, that the people will ever learn how to exercise it on a larger" (Mill 1963 in Pateman 1970, 30-31).

Participatory budgeting (PB) today is a general label for a myriad of different participatory cases and practices. However, the pioneering model of PB dates back to 1989, when the Worker's Party initiated this participatory process in the Brazilian city of Porto Alegre. The PB process in Porto Alegre involved a set of participatory institutions: regional and thematic assemblies, the Fora of Delegates and the Council of PB. There were several rounds of plenary assemblies where citizens could define and rank their priorities and also elect the delegates to the Fora of Delegates and the councillors to the Council of PB. The process was based on three main principles: firstly, all citizens are entitled to participate, and community organisations have no special status; secondly, there are regularly functioning participatory institutions, i.e. the process is based on the combination of direct and representative democracy rules; thirdly, investment resources are allocated according to a complex set of criteria that take into account the priorities given during the participatory process, total population of the region and the lack of urban infrastructure/services (de Sousa Santos 1998; Avritzer 2000; Baiocchi 2001; Abers 2000).

Since its inception a quarter of a century ago in Brazil, PB has gone through a profound transformation. We can speak today of PB practices in more than 1500 cities in over 40 countries spread over five continents (Baiocchi and Ganuza 2014; Cabannes and Lipietz 2015). After the extensive global travel of PB, it is now possible to outline five phases in the spread of PB worldwide. The first phase is related to the period of inception of and experimentation with PB in Brazil and Uruguay (between 1989 and 1997), while the second phase witnessed the extensive spread of PB in Brazil, with over 140 municipalities adopting the initiative (between 1997 and 2000). This phase was followed by the global expansion of PB and the diversification of existing models (mainly after 2000). It corresponds to the spread of PB outside Brazil, with different variants of PB

being adopted in Latin America and Europe: these cases were inspired by the model of Porto Alegre but introduced substantial changes to the original design. In 2007/2008, the international and national networks of PB began to emerge, connecting actors that experiment and work with PB (e.g. the PB Network<sup>1</sup> in the UK, the Participatory Budgeting Project<sup>2</sup> in the US). PB has attracted the attention of international organisations, such as the United Nations and the World Bank, which have produced papers and manuals explaining the essence of PB and encouraging its introduction (e.g. Cabannes 2004; Shah 2007; Wampler 2007).<sup>3</sup> The fifth phase corresponds to the recognition of both the potential and limits of PB and its integration into larger and more complex systems of citizen participation (Dias 2014; Cabannes and Lipietz 2015; Baiocchi and Ganuza 2014).

From the perspective of describing how information about PB was disseminated in the world these phases can be grouped into two periods. The first period (covering the first three phases, i.e. from 1989 until 2007/2008) is characterised by the “individual search” for information about PB by those interested in the topic; the second period (corresponding to the grouping of the fourth and fifth phases) refers to the “organized supply” of information about PB, inter alia, in the form of conferences and thematic meetings, trainings, the publication of manuals and the creation of websites. From the perspective of how the nature of original PB has transformed, one can refer to the two periods with a dividing line in the late 1990s. During the first period, PB travelled as a set of comprehensive administrative reforms – a centrepiece of political strategy transforming state-society relations, fostering social justice and social capital, and also breaking with clientelism. The subsequent period of its travel is characterised by growing international attention and promotion of PB as a good government practice – a politically neutral device that could generate trust in government (Wampler 2010; Ganuza and Baiocchi 2012; Dias 2014).

The emergence of PB has spawned scholarly discussions, starting with the Brazilian models in the late 1990s (e.g. de Sousa Santos 1998; Avritzer 2000; Baiocchi 2001) and exemplified by numerous studies on the European models from the early 2000s onwards (e.g. Allegretti and Herzberg 2004; Talpin 2007; Sintomer et al. 2008). There is a growing body of literature describing how PB has been implemented in different countries and municipalities and exploring its impacts. However, there is no systematic approach discussing the applicability and suitability of these various versions of PB in different contexts. Also, the feasibility and advisability of PB in the new democracies in the region of Central

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<sup>1</sup> <https://pbnetwork.org.uk/about/>

<sup>2</sup> <https://www.participatorybudgeting.org>

<sup>3</sup> For a nuanced view of the World Bank’s role in the global promotion of PB, see Goldfrank (2012).

and Eastern Europe (CEE), which is an emerging trend in the landscape of PB implementation, is an underexplored topic. Furthermore, very limited attention has been paid to how PB is diffusing across local governments (LGs) within a country. Indeed, so far only two studies have explored the spread of PB from the perspective of policy diffusion (Spada 2015; Wampler 2010); both of these studies have used a quantitative approach and, to the author's knowledge, there are no qualitative studies on the spread of this participatory instrument between LGs in one country.

Hence, the aim of the current thesis is to fill these gaps in the literature and to advance the knowledge on PB. The following research questions are addressed in the dissertation:

- What are the theoretical models underlying the PB practices used in Europe and to what extent are they applicable and suitable in various contexts?
- How feasible and advisable is PB in the new democracies in the CEE region?
- How has PB diffused across LGs in Estonia, and which actors and factors have influenced its adoption and shaped its diffusion process?

The logic of the dissertation is, therefore, to move from the theoretical discussion of the different types of PB in Europe to the empirical perspective on PB implementation in the CEE region and in the Estonian LGs in particular.

The theoretical framework of the thesis draws on the PB-focused literature in combination with the literatures on citizen participation, participatory governance, participation in budgeting, local democracy, post-communist development in CEE and policy diffusion. The insights from the literature on policy diffusion enable us to explore the mechanisms, actors and factors that drive and influence the spread of this instrument. The combination of these strands of literature provides a comprehensive picture of PB. Furthermore, looking at PB in the context of other participatory mechanisms, scholars in the field group PB with the reforms they call “empowered deliberative democracy” or EDD (Fung and Wright 2001). These reforms are radically democratic in their “reliance on the participation ... of ordinary people”, deliberative because they foster “reason-based” decision-making and empowered as they try to “tie action to discussion” (Fung and Wright 2001, 7). Overall, the topic of PB interweaves with discourses on participatory and deliberative democracy as well as public-sector modernisation. While the deliberation-focused discussions examine the ability of PB to foster dialog and communication, statements in the realm of participatory democracy and governance focus on the potential of PB to combat a range of “malaises”, such as political apathy, distrust and dissatisfaction. In terms of public-sector modernisation, it is argued that PB is capable of enhancing

transparency and accountability in public administration by “opening the backdoors” of the budgeting process and involving citizens in learning and deciding about its trade-offs (Geissel 2009; Ganuza and Francés 2012; Allegretti and Herzberg 2004; Herzberg 2011).

There is no universal definition of PB, as the practices of PB worldwide are extremely diverse. One of the most frequently used definitions of PB was outlined by Sintomer et al. (2008). According to them, “participatory budgeting allows the participation of non-elected citizens in the conception and/or allocation of public finances” (168). Additionally, they proposed five criteria for a process to be called PB: first, since PB deals with the problem of scarce resources, the financial and/or budgetary dimension has to be discussed; second, PB has to be implemented at the city level or the district level that has an elected body and some power over administration; third, the process of PB has to be repeated (such cases as the referendum or one meeting on financial issues do not constitute PB); fourth, some form of public deliberation (specific meetings/forums) has to take place during the PB process (the opening of administrative meetings to the public is not PB); finally, some accountability for the results is required (Sintomer et al. 2008, 168).<sup>4</sup>

The main body of the thesis at hand consists of four original articles investigating the concept of PB from several perspectives. First, the article “Participatory Budgeting at the Local Level: Challenges and Opportunities for New Democracies” examines and systematises the existing literature on different models of PB in Europe. Also, it outlines the main environmental variables that are likely to influence the applicability and feasibility of PB in different contexts and analyses the links between the contexts and the models. The same article discusses the applicability of different PB models in the new democracies in the CEE region (I). The book chapter “Local Democratic Renewal by Deliberative Participatory Instruments: Participatory Budgeting in Comparative Study” focuses on four cases of PB implementation in Europe: Germany, Spain, Slovakia and Estonia. The study looks at the actors driving and promoting PB, the instruments being implemented and the goals pursued. It also looks at the influence of Information and Communication Technologies (ICTs) within the PB processes (II). Third, the article “Good Governance Starts from Procedural Changes: Case Study of Preparing Participatory Budgeting in the City of Tartu” demonstrates the practical experience of a new democracy in implementing this engagement procedure. The article outlines the challenges, choices and decisive factors that the municipality faced in the preparatory phase of the pilot project (III). The spread of PB in Estonia is investigated in the fourth paper, “Policy Diffusion at the Local Level: Participatory Budgeting in Estonia”, which looks

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<sup>4</sup> For the latest discussion on the identification and evaluation of PB practices, see Miller et al. (2017).

into the mechanisms of diffusion of this instrument and analyses the factors and actors that stimulated and inhibited the PB diffusion among LGs in Estonia (IV).

The introduction of the thesis is structured as follows. First, the methodology for the investigation of PB from theoretical and empirical perspectives is described. Second, the theoretical models of PB in Europe are presented. This section examines various European versions of PB, the contexts they might fit in and their underlying values and objectives. Second, focusing on the empirical perspective, the opportunities and challenges of PB in the CEE region are discussed. This section of the introduction also presents the examination of the launch and diffusion mechanisms of PB in the Estonian LGs. Next, the discussion section addresses the question of what kind of PB travelled to Estonia and Europe and examines the topic of the transformation of the pioneering Brazilian model of PB into a success story of good governance. Finally, concluding remarks and the avenues for further research are presented.

## METHODOLOGY

The current thesis has two main goals: first, to examine theoretically the major versions of PB in Europe and, second, to investigate the applicability and feasibility of PB in the CEE region with a particular focus on Estonia. Estonia constitutes a useful case for studying the practice of PB, because of the relatively unfavourable conditions for the spread of this participatory tool – being a new democracy, it has limited traditions of using engagement mechanisms at the local level. Also, the novelty of the PB process in Estonia enables us to study the subject using a qualitative approach and gain an in-depth understanding of PB implementation and diffusion. The empirical study uses qualitative methods to answer the research questions. It relies on the following sources of information:

First, for the theory-building part of the thesis, desk research was undertaken, covering the academic studies on PB as well as on the more general topics of citizen participation at the local level, citizen participation in budgeting and participatory governance. The author of the thesis was responsible for the creation of the framework of process-design elements of PB, the examination of the PB models in Europe and the analysis of the potential match between them and environmental characteristics (I).

Second, for the analysis of the feasibility of PB and the applicability of different PB models in the new democracies of the CEE region (I), the literature on territorial and fiscal decentralisation, territorial fragmentation, self-governance and local democracy in post-communist Europe was examined. It has to be emphasised, however, that the thesis has no intention to investigate any specific problems in CEE countries and their possible solutions with the help of PB. The focus remains on the concept of PB and its applicability in the new democracies – the new member states of the European Union (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia) (I). The author of the thesis was engaged in the analysis of the applicability of different models in the CEE context.

Third, the case studies from Spain, Germany, Estonia and Slovakia are analysed via desk research. This study examines the actors driving and promoting PB, the processes being implemented and the goals pursued (II). The analysis of the Estonian experience in implementing PB was undertaken by the author of the thesis.

Fourth, in order to analyse the PB preparation process in the City of Tartu, Estonia (III), three discussion sessions with a focus group consisting of 10-12 people were conducted between April and June 2013. The virtue of this method lies in the ability to produce a considerable amount of information: as people engage in

a dialogue, the conversation is nonlinear, and different perspectives can be brought up at any time (Johnson 2002). The choice of participants for the focus group was based on the combination of self-selection and purposeful selection. An invitation to the meeting to discuss the implementation possibilities of PB in Tartu was sent to all political parties in the City Council. The group also included the City Secretary<sup>5</sup>, the head of the Legal Department, the representatives of the Financial and Public Relations Departments of the city, who were personally invited to the meeting. The author of the thesis was responsible for the analysis of the empirical data gathered during the focus groups and the elaboration of the theoretical framework.

Fourth, in order to explore the diffusion mechanisms of PB in Estonia (IV) as well as to identify the factors and actors that influenced the spread of this instrument, semi-structured face-to-face and telephone interviews were conducted with LG officials from 13 (out of 14) municipalities implementing PB in Estonia by January 2016. The interviews were conducted between January and April 2016. Semi-structured interviews allow for clarifications and also serve as an exploratory tool for generating context-dependent knowledge, which is particularly significant in researching PB (Johnson 2002; Rubin and Rubin 2011). The municipalities were approached with the request to conduct an interview with the person who has the most information about the PB process in the given city/parish. In terms of composition, 9 interviews were conducted with elected officials and the remaining ones with civil servants. Also, in order to get a comprehensive understanding of the PB processes in the municipalities, the legal acts (local decrees) and the public webpages of the municipalities were examined, personal communication via e-mail was conducted, and some statistical data was gathered. The latter as well as all interviews were conducted and transcribed by the author of the thesis. She was also involved in the elaboration of the theoretical framework on policy diffusion and the analysis of the gathered data.

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<sup>5</sup> This is the key position within the local bureaucracy. The City Secretary (*linnasekretär*) is the head of the office, who is responsible for monitoring the legality of all regulations passed and preparing materials for the government and the council (Mäeltsemees 2012).

## **THEORETICAL PERSPECTIVES: SKETCHING AND VISUALISING THE EUROPEAN MODELS OF PB**

This section presents the theoretical perspectives on different versions of PB, with a particular emphasis on PB in Europe. It defines the main variables of the PB process, outlines the ideal types/models of PB practices identified in the literature and proposes the links between different contexts and models. Subsequently, it looks at the different objectives that European models of PB might pursue and outline their underlying values. For this purpose, different PB models are placed into the three-dimensional “Democracy Cube” (Fung 2006) framework and contrasted visually.

### *PB Process Design Elements, European Models and Contexts*

In order not to get lost in the numerous examples of PB and to study the process in a systematic way, the thesis identifies the main elements of PB design (**I**). The process design elements have been analysed and synthesised, drawing on the PB-related research in Latin America and Europe (Cabannes 2004; Sintomer et al. 2010; Talpin 2007) and research on participatory governance and participation in budgeting (Fung 2006; Ebdon and Franklin 2006).

The elements encompass the following (see Table 1). First, setting up “the rules of the game” (e.g. themes for discussion, criteria for the allocation of resources etc.) by the PB body or institution that is leading the process. Next, the scope of participation, participants’ selection methods and the types of participation mechanisms are defined. Multiple variations are available at this stage: for example, the procedure can be targeted towards a specific social group; participation can be direct or indirect through the delegates; different territorial levels can be involved etc. The subject of deliberation (e.g. service delivery or investments) and the mode of decision-making (e.g. voting, consensus) can also vary. The empowerment element refers to the extent to which the citizens have influence over the final decision: PB can be a consultative process or grant a de-facto decision-making power to the citizens (**I**).

**Table 1. Process Design Elements of Participatory Budgeting**

PB decision-making body	- Who sets up “the rules of the game”?
Participation	<ul style="list-style-type: none"><li>- How are participants being selected?</li><li>- What type of participation mechanisms is used?</li><li>- How do citizens participate? (direct vs indirect participation)</li><li>- How are the meetings organized? (territorial or thematic logic, city, district or neighbourhood level)</li></ul>
Deliberation	<ul style="list-style-type: none"><li>- What is being deliberated? (investments or service delivery, projects or general areas)</li><li>- How do participants communicate and make decisions?</li></ul>
Empowerment	- What role does the civil society play?
Control and monitoring	- Who controls the implementation of the budget?

Source: (I)

The various configurations of these elements form different PB models: the ideal types that help us to understand and systematise the myriad examples of PB cases in Europe. The PB models are extracted from the studies by Sintomer et al. (2008, 2010, 2016) and adjusted to the framework of process-design elements presented above. The thesis outlines five PB models: Porto Alegre adapted for Europe, which has preserved the basic features of the Brazilian case, proximity participation and consultation on public finance, which have a consultative nature, and multi-stakeholder and community PB, which are oriented towards organised citizens (I).

The model of Porto Alegre adapted for Europe is characterised by the participation of individual citizens in open meetings at the neighbourhood level. The multi-layered structure of participation is present in this model – special delegates are elected to participate in the meetings at the higher territorial levels (district and city levels). The proposals are being ranked by the district and city delegates by applying social-justice criteria. The final list constitutes a participatory budget proposal, which is presented at the municipal council and is later incorporated into the city budget. The Spanish examples of PB are assumed to be the closest variations of the Brazilian model (I; II; Cabannes and Lipietz 2015; Sintomer et al. 2008, 2016; Talpin 2011).<sup>6</sup>

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<sup>6</sup> Spanish examples of PB (e.g. in Cordoba, Seville) have the emphasis on social justice and redistribution towards marginalised groups (Sintomer et al. 2016, 61-68; Cabannes and Lipietz 2015; Talpin 2011, 43-45). For instance, Seville has two types of social-justice criteria implemented in the PB process: objective and subjective. The objective criterion gives points to the proposals based on the statistical data about the population

Proximity participation and consultation on public-finance models are featured by the process of “selective listening”; i.e. the results of the deliberation are being summed up by local authorities, who later implement only those proposals that are in accordance with their own vision. Participation takes place via citizens’ assemblies, and associations can play hardly any role. In the proximity participation model, proposals are not ranked, and decisions are usually taken by consensus with representatives of the authorities moderating the discussion. Consultation on public finance is mostly directed towards making the financial situation of a city more transparent. It can, for instance, focus on generating proposals to rebalance the budget (staff cuts, reduced public expenditure, tax increases) or getting feedback on services delivered by public providers. The main feature of these two models is the fact that they are purely consultative (**I**; Sintomer et al. 2008, 2010). While the model of consultation on public finance is usually represented by German examples<sup>7</sup> (**II**; Ruesch and Wagner 2014; Herzberg 2011), the proximity participation tends to be used in small French municipalities (Sintomer et al. 2008; Röcke 2014).

Community participatory budgeting and multi-stakeholder participation are characterised by the participation of organised groups who are invited to propose projects for the investment funds in the social, cultural and environmental sectors. Another feature of these models lies in the fact that only part of the money under discussion comes from the LG; that is, funds can also be given by international organisations, NGOs, private companies or from the national government. Hence, a board or a committee of different stakeholders decide on the acceptance of proposals. In the community PB, businesses are excluded: funding is provided by a national or international programme. Even though the committee screens the proposals (ensuring that they meet the rules of the process), the final decision on which project receives funding is taken by the residents via voting. Given the

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affected and the socio-economic situation of the area. Here, the aim is to “give more to those who have less”. The subjective criterion, on the other hand, focuses on the ability of proposals to foster tolerance, social justice, multiculturalism, gender equality etc. The delegates, therefore, have to argue and convince each other how many points to give to each proposal (Talpin 2011, 62).

<sup>7</sup> The German PBs have little in common with the Brazilian model of Porto Alegre; their objective is modernisation through citizens’ participation. The PB model in Germany rests on three pillars: information, consultation and accountability. The first phase is focused on the information provision to the citizens about the public budget in general and the PB procedure. During the second phase, citizens can make proposals and suggest ideas; however, the decision on the implementation of the proposals remains in the hands of the municipal council. After the evaluation of the proposals, they are used by policy-makers as a basis for decision-making. Finally, in the accountability phase, the authorities provide information about the participation, i.e. explain their decision regarding the proposals. Hence, in Germany, PB has a consultative character (**II**; Ruesch and Wagner 2014; Herzberg 2011; Röcke 2014).

financial participation of the private sector in the multi-stakeholder model it can be assumed that private sponsors might influence the outcome of the process. This type of participation can be considered PB only in case the larger part of financial resources comes from the local municipality. Furthermore, participation has to take the form of a forum rather than a committee meeting. The multi-stakeholder participation model exists in Eastern Europe, and the community PB model is mostly used in the UK (I; Sintomer et al. 2016; Blakey 2007; Röcke).

**Table 2. European PB models**

	<b>Porto Alegre adapted for Europe</b>	<b>Proximity participation</b>	<b>Consultation on public finance</b>	<b>Community participatory budgeting</b>	<b>Multi-stakeholder participation</b>
<b>Decision-making body</b>	Council composed of citizens' elected delegates	Local administration	Local administration	A committee composed of representatives of LG, NGOs, state organisations	A committee composed of representatives of LG, NGOs, state organisations, private sector
<b>Participation</b>	Participants' selection methods				
	Self-selection	Self-selection	Random selection	Targeted selection	Targeted selection
	Scope of participation				
	Single active citizens	Single active citizens	"Ordinary" citizens	Organized citizens	Organized citizens together with private enterprise
	Participation mechanisms				
	Open meetings at neighbourhood level, delegates at town level	Open meetings at neighbourhood and town level	Open meetings or citizens' forums at town level	Different kinds of meetings at neighbourhood level, delegates at town level	Closed meetings at town level
<b>Deliberation</b>	Focus of discussion				
	Public investments	Micro-local public investments or broad guidelines of town policy	Overall budget or offer of services	Concrete community projects	Concrete projects financed by public/private partnerships
	Modes of communication				
	Develop preferences	Listen as spectators, express preferences	Listen as spectators, express preferences	Express, develop preferences	Express, develop preferences
	Formality of the process				
	Projects ranked according to criteria of distributive justice, formalised rules	No ranking of investments or actions, informal rules	No ranking of services, possible ranking of priorities, rather informal rules	Projects ranked, formal rules	Projects ranked, formal rules
<b>Empowerment</b>	Decision-making power	Consultation	Consultation	Cogoverning partnership	Cogoverning partnership
<b>Control and monitoring</b>	Council composed of citizens' elected delegates	Local administration	Local administration	Local administration + donors	Local administration + donors

Source: (I)

Each PB model is likely to fit certain contexts better than to others. Hence, the thesis looks at different “environmental” or contextual variables, both at the country and local levels, that are likely to influence the applicability of different PB models. The country-level variables include but are not limited to the degree of local financial autonomy and political culture, while local-level variables concern certain characteristics of a local government, such as size, diversity and prosperity (I).

The thesis argues that large, heterogeneous and rather prosperous cities that have high financial autonomy and a predominantly moralistic-traditionalistic political culture could adopt the model of Porto Alegre adapted for Europe. Consultation-based models (proximity participation and consultation on public finance) could fit municipalities with individualistic political culture and average financial autonomy. Small homogeneous municipalities might find proximity participation suitable, while consultation on public finance models are likely to fit municipalities with diverse characteristics. The models that rely on the participation of organised interests – community PB and multi-stakeholder participation – could be applicable in large, heterogeneous cities with average-to-high financial autonomy. Community PB could be feasible in a political culture with moralistic elements, whereas the multi-stakeholder participation model might match the individualistic type of political culture (I).

**Table 3. Which model for which environment?**

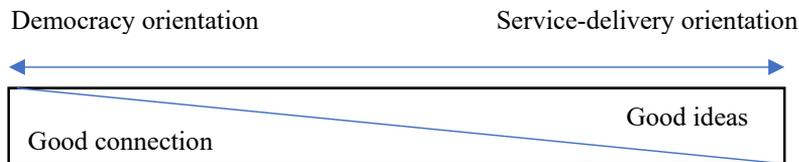
	<b>Porto Alegre adapted for Europe</b>	<b>Proximity participation</b>	<b>Consultation on public finance</b>	<b>Community participatory budgeting</b>	<b>Multi-stakeholder participation</b>
<b>Financial autonomy</b> (low/ average/ high degree)	High	Average	Average	Average-high	Average-high
<b>Political culture</b> (individualistic/ moralistic/ traditionalistic)	Moralistic/ Traditionalistic	Individualistic	Individualistic	Moralistic/ individualistic	Individualistic
<b>Size</b> (large/small)	Large	Small	Variable	Large	Large
<b>Diversity</b> (heterogeneous/ homogeneous)	Heterogeneous	Homogeneous	Heterogeneous	Heterogeneous	Heterogeneous
<b>Prosperity</b> (low/average/ high level)	High	Low-average	Average	Low-average	Low-average

Source: (I)

Given the variety of PB models in Europe, it is essential to underline the different democratic values that these models are striving to pursue as well as different underpinning logics of PB practices. The next section will uncover these aspects and visually contrast European PB models.

*Different Objectives of European PBs and their Underlying Values*

The literature on citizen participation emphasises that particular participatory designs are suited to specific objectives, and no design can serve all aims/values simultaneously (Fung 2006; Ebdon and Franklin 2006; Bryson et al. 2012; Robbins et al. 2008). For instance, Fung (2006) argues that participatory mechanisms might address different democratic values: legitimacy, justice or effectiveness of public action. He proposes the three-dimensional institutional space (the Democracy Cube) in order to demonstrate different participatory mechanisms and the values they pursue. Also, the PB-related literature (e.g. Cabannes and Lipietz 2015; Demediuk et al. 2012) argues that there are different underpinning logics of PB cases, and various PBs might pursue different objectives. In particular, Demediuk et al. (2012) look at the possible objectives of PB along the continuum (Figure 5), where at one end PB is presumed to promote better services and infrastructure (service delivery orientation); PB is used as a device for getting good ideas for policies and programmes. At the other end, PB aims at improving the connection of citizens with the community and with the local government (democracy orientation). The sloping line indicates the increasing emphasis of one of the orientations, e.g. if the municipality moves towards the left, it reduces the service-delivery orientation.



Source: Demediuk et al. (2012)

**Figure 5. Primary ends of PB**

Furthermore, Cabannes and Lipietz (2015) present the divergent logics underpinning PB experiments: technocratic, good governance and political. First, PB can be used as a managerial/technocratic tool with the aim of efficiency improvement and optimisation of scarce public resources and service delivery. This logic corresponds to the “better services” objective of the PB continuum, while the next two are reflected at the other end of the continuum put forward by

Demediuk et al. (2012). Second, the logic can be driven by the aspirations of “good governance”, i.e. PB can have the objective of establishing new relationships between citizens and governments, to deepen social ties and improve governance. It is usually a government-led process, with or without increased decision-making power for the citizens. Third, the logic can be political with the aim to “radically democratise democracy”, to facilitate the bottom-up approach to policy-making and to build participatory democracy in the context of the perceived failure of representative democracy (Geissel 2009; Cabannes and Lipietz 2015, 11).<sup>8</sup>

The framework of the Democracy Cube, elaborated by Fung (2006), enables us to link the practices of PB to general discourse on citizen-participation methods. It also allows us to comparatively visualise and contrast different European models of PB and to reflect on what kind of democratic values they mainly serve – legitimacy, justice or effectiveness of public action. The Democracy Cube is formed by three questions of institutional design: 1) who participates; 2) how do they communicate and make decisions; 3) what is the connection between their opinions and public action (Fung 2006). This analytic approach strives to encompass the variety of different participatory mechanisms and take the pragmatic perspective to participation that enables us to understand the potential and limits of participatory forms. This stands in contrast to Arnstein’s famous “Ladder of Participation”, where she presents eight ladder rungs of empowerment: manipulation, therapy, informing, consultation, placation, partnership, delegated power and citizen control (Arnstein 1969, 217). Arnstein’s approach, however, fuses the empirical scale with a normative approach to participation, since, as Fung (2006) argues, in some cases a consultative role (what Arnstein calls a “window-dressing ritual”) might be more appropriate than full empowerment (Arnstein 1969, 218; Fung 2006).

The thesis places the European PB models into the framework of the Democracy Cube (Figure 6). One can observe that different models occupy distinct regions of the Cube that demonstrate the advancement of particular values.

The consultative PB models are likely to occupy the largest space in the Cube. Initiatives in this space aim at enhancing legitimacy – they are seeking to design tools that are more inclusive and representative on the participant dimension and more intensive on the communicative dimension. For instance, they might seek representativeness through random selection or targeted recruitment and attempt

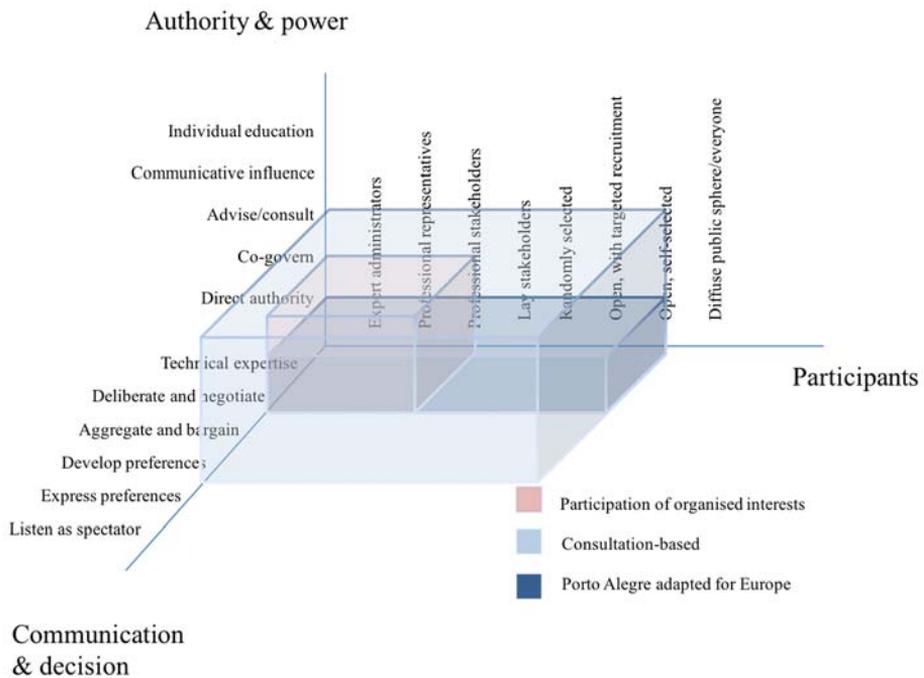
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<sup>8</sup> These logics are not mutually exclusive and can change over time. Also, different PB experiments, depending on the underlying motivations, can lead to different institutional anchoring within local government. For instance, if PB is used as a managerial/technocratic tool, it might be anchored in the financial or planning department; if PB is aiming at increasing social ties, a specific department to house the initiative might be created (Cabannes and Lipietz 2015).

to provide education materials to shift the mode of communication from preference expression to preference development (Fung 2006). Likewise, the consultative European PB models usually have open and self-selection methods on the dimension of participation, using (at least sometimes) random selection methods (e.g. consultation on public-finance model) (Sintomer et al. 2016). They enable participants to express and develop their preferences but do not grant them any decision-making power. In this category, PB is likely to be used as a good governance or managerial instrument (Röcke 2014; Cabannes and Lipietz 2015).

The models that focus on the participation of organised interests might correspond to the area of the Cube that is occupied by participatory institutions seeking to strengthen the effectiveness of public engagement. These initiatives are likely to involve small groups of people, e.g. lay stakeholders with a deep interest in the subject and willingness to devote time and energy to participation. On the communicative and decision-making dimension, these institutions operate through deliberation, and on the dimension of influence and authority, these designs prescribe the shift of substantial authority to participating citizens who might otherwise be reluctant to make the sacrifices of time and energy (Fung 2006; LaFrance and Balogun 2012). Hence, the models of participation of organised interests are likely to correspond to the co-governing mode on the dimension of influence and authority and also involve either professional (multi-stakeholder model) or lay stakeholders (community PB) that usually deliberate on the acceptance of proposals (as a board or committee involving NGOs, private-sector and local authorities) and/or vote on the final list of proposals (Sintomer et al. 2008).

The model of Porto Alegre adapted for Europe is occupying the space of the mechanisms that seek to enhance justice by changing the actors that possess decision-making power. The participatory initiatives in this category look for open participation with the incentives for the disadvantaged to participate and enable participants to exercise direct authority. On the third dimension (communication and decision), their distinctive feature is that the voices of excluded groups are counted; these mechanisms do not have to be fully deliberative (Fung 2006). Hence, the underpinning logic of PB here is political, having the aim of deepening democracy and giving power to the people, especially to the excluded (Cabannes and Lipietz 2015; Talpin 2011).



Source: Fung (2006) adjusted by the author

**Figure 6. PB models located in a democracy cube**

From this perspective, we can observe that the European PB models are aiming at enhancing different democratic values. The model of Porto Alegre adapted for Europe is likely to focus on increasing justice by changing the actors that possess decision-making power. Consultation-based models are more likely to be focused on enhancing legitimacy, since they are aiming to be more inclusive, while the models of organised interests might pursue the value of the effectiveness of the public input, since they involve lay and professional stakeholders and also try to shift authority to the citizens who participate (co-governance mode of decision-making).

## **EMPIRICAL PERSPECTIVE: PB IN THE CEE REGION AND IN ESTONIA**

This section of the introduction examines the application of PB in the countries of the CEE region and in Estonia from an empirical perspective. It looks at the challenges and opportunities that the implementation of PB provides for the CEE countries, however, having no intention to investigate in depth any specific problems of the region and their possible solutions with the help of PB. It further presents the exploration of the initiation and diffusion of PB in Estonian local governments, paying attention to the factors and actors that have influenced the spread of this participatory process.

### *Challenges and Opportunities for the CEE countries*

The countries in the Central and Eastern European region are often seen in the academic literature on local government as a distinct group due to their historical background and recent radical decentralisation (e.g. Loughlin et al. 2010; Heinelt and Hlepas 2006). Their shared communist past usually leads to the methodological choice to set these countries apart from their Western European neighbours (Meyer-Sahling 2009). However, the uniform influence of the communist legacy on the administrative development in the region has been strongly debated. The legacy-picture for this region is more diverse than the one-size-fits-all assumption; there is not one but many legacies that might affect post-communist administrative developments (Meyer-Sahling 2009). Also, in terms of local-government development, Swianiewicz (2014) argues that despite some common issues, there is considerable variation within the region, which includes such dimensions as functional decentralisation, territorial organisation, local electoral systems and the role of national political parties.<sup>9</sup> Nevertheless, acknowledging all differences and varied legacies, there are some common features of this region that might affect the applicability of PB.

Swianiewicz (2014) notes that the belief in the ideas of decentralisation was shared among CEE countries at the beginning of the transformation. The romantic localism of the early transition period contributed to the strong commitments of the post-communist regimes to re-establishing genuine LGs that were seen as an antidote to the centralised state (Campbell and Coulson 2006; Regulska 2009; Baldersheim 2003). These remnants are likely to increase the appeal of PB to

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<sup>9</sup> Swianiewicz (2014) examines the variation of local-government systems within the Eastern European region and suggests a new typology of LGs in the region based on the following criteria: 1) territorial organisation, 2) functional decentralisation (scope of functions provided by LGs), 3) financial autonomy and 4) horizontal power relations.

local decision-makers as well as communities. On the other hand, the applicability of PB models in the CEE countries is likely to be influenced by the heritage of “democratic centralism” characteristic to the Communist era: in the centrally planned economies, the policy decisions pertaining to revenues and expenditures were made at the central level, and the role of LGs was to implement the “central plan and will” at the local level (Bryson and Cornia 2004, 266). This implies that the LGs in the CEE region had to struggle to overcome the inherited weaknesses of local-level decision-making structures. This centralist heritage is likely to act as an obstacle to implementing PB (I; Yoder 2003, Fölscher 2007). Swianiewicz (2014) also argues that decentralisation reforms in the CEE region coincided with the time of the new trends in management in Western Europe (such as NPM) that were advocated to CEE countries frequently through the experts working for the development programmes. The LGs in the regions hence had to experience the tension between legalism and managerialism, i.e. introducing the rule of law (in the Weberian sense) and NPM (New Public Management) in parallel (Campbell and Coulson 2006).<sup>10</sup>

From the perspective of the territorial structure of the LGs, the CEE region is rather diversified, since the last two decades witnessed territorial fragmentation as well as consolidation reforms. As a result, some of the countries in the region have rather large LGs (e.g. Lithuania, Bulgaria), while others are among the most territorially fragmented in Europe (the Czech Republic, Slovakia) (Swianiewicz 2014). From this perspective, diversified approaches and various models might fit large municipalities. The fragmentation, however, can have two-fold implications for implementing PB and its different versions. On the one hand, the small size of LGs could be conducive to introducing the PB variants with more direct elements of participation (like involving all inhabitants of the jurisdiction in PB). However, one should analyse the need for an institutionalised form of PB in the context of strong existing links between voters and representatives and the closeness of inhabitants to the local authorities. On the other hand, the smallness of the LG units often implies limited financial resources, which may make large-scale implementation of PB more complicated (I).

The relatively limited financial autonomy of LGs in the region (see, e.g. Yilmaz et al. 2010; Rodríguez-Pose and Krøijer 2009, Swianiewicz 2014) constitutes an important challenge to implementing the more comprehensive forms of PB (such as the Porto Alegre adapted for Europe). However, as pointed out by Swianiewicz (2014), there is a group of countries, “the champions of decentralisation” – Hungary, Poland and Slovakia –, that have a relatively high level of financial autonomy compared to other countries in the region. Hence, in this group the Porto Alegre adapted for Europe model could be more feasible. As for others,

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<sup>10</sup> For the analysis of the use of NPM in the CEE administrations, see Drechsler (2005) and Drechsler and Randma-Liiv (2015).

there might be space for PB models that fit the contexts with an average-to-low level of financial autonomy (e.g. proximity participation and consultation on public finance) (I). The degree of the revenue autonomy that is guaranteed by the municipality's own revenues (Reiljan and Timpmann 2010) is rather constrained in the CEE region, where the proportion of own taxes in the total revenues is relatively low (Dabla-Norris 2006; Rodríguez-Pose and Krøijer 2009). In general, the funds of the LGs in the region have been squeezed due to the fiscal stress throughout the transition period and the capture of the tax base by the central governments (Bryson and Cornia 2004). On the other hand, PB practices may lead to an increase of the budgetary leeway of the LGs, if they enable the LGs to engage in more extensive local revenue-raising efforts than before (I). For instance, Cabannes (2004) notes that the cities that have implemented PB have experienced an increase in tax revenues, owing to higher tax compliance of the citizens. Also, in case of fiscal stress, the involvement of the public in making the difficult trade-offs might help the LGs to deal with the dilemmas of cutback management (Ebdon and Franklin 2006; Franklin et al. 2009). The fundamental choices of how much service to provide and how much revenue to raise are particularly controversial when revenues and incomes are in decline. These choices are also featured by information asymmetry, when the citizens might not be aware about the true constraints that decision-makers face while trying to provide the optimal amount of services (Robbins et al. 2008). This is the case of German PBs that emerged during the municipal financial crisis and are, hence, focused on modernisation, service provision and spending cuts through citizens' participation (II; Ruesch and Wagner 2014; Herzberg 2011). Furthermore, fiscal crises are often seen as "windows of opportunity" for pushing changes and reforms. It is argued that policy-makers are motivated to depart from incremental reform paths because of the sense of urgency (Keeler 1993; Cepiku et al. 2016; Raudla et al. 2015). This might provide the opportunity for civic actors to push for more extensive engagement processes. On the other hand, since the fiscal stress reduces the amount of "slack" resources (Raudla and Savi 2015), it might become a strong obstacle for the implementation of PBs related to investments.

Presumably, one the strongest impediments to the adoption of PB in the CEE region is the weakness of civil society and the prevailing political culture. The region is characterised by the popular distrust in political institutions and the apathy of citizens in terms of their involvement in public matters (Regulska 2009; Fölscher 2007; Greskovits 2015; Hooghe and Quintelier 2013). As Hooghe and Quintelier (2013) argue, the low political participation levels in the CEE countries might not be the effect of an authoritarian legacy, as the socialisation perspective assumes, but rather the effect of current experiences of the citizens in this region with corruption, abuse of power and discriminatory practices. The implementation of the Porto Alegre adapted for Europe model would then be especially challenging, since this model implies active citizenry and politicians willing to delegate significant decision-making powers. Proximity participation

and consultation on public finance could be feasible models to start with experimenting with PB. However, because of the observed weakness of the civil society in the region, PB could be viewed as an instrument for developing the civil society. PB venues could become the “citizenship schools” for practising one’s voice and choice on local-level issues. Also, PB could become the vehicle through which the local-government authorities practice participatory mechanisms. Therefore, the experimentation with the variants of the Porto Alegre model could be conducive to stimulating the development of civil society (I).

Hence, the LGs in the CEE region could start experimenting with PB from the service-delivery orientation on the continuum of PB objectives and gradually move along the continuum to the improvement of the connection between the citizens and authorities (democracy orientation) (Figure 5). Given the weakness of the civil society, it might be more feasible to “attract” the citizens initially by very tangible benefits rather than attempt to implement ideal deliberative procedures. Enhancing legitimacy in the context of popular distrust in political institutions could be the primary aim of the local authorities. However, as seen from the Democracy Cube framework presented in the previous section, the models pursuing this value tend to be consultative, since they try to be the most inclusive on the participants’ dimension. Purely consultative procedures, however, might not be advisable in the context of low trust. Hence, the implementation of ICTs enabling the involvement of many participants as well as providing binding results might be beneficial. On the other hand, the need for the combination of online and offline methods could be crucial in the CEE context, since the gradual shift towards the democracy orientation would imply the strengthening of social ties in the community, which is likely to be achieved by offline deliberative forums and discussions.

Nevertheless, there is obviously no uniform one-size-fits-all PB model for the LGs in the CEE region. Central government as well as institutionalised civil society may try to make LGs aware of different options in the “PB menu” and encourage experimentation with different models (I). It would be counteractive, however, to view PB “as a recipe for ‘implanting’ participation and transparency”, as some international agencies and donors have come to see it (Cabannes 2004, 40).

### *The Launch and Diffusion of PB in Estonian Local Governments*

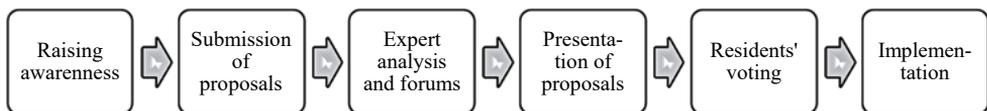
The concept of PB in Estonia was advocated by an Estonian non-governmental organisation – e-Governance Academy Foundation (eGA). It introduced the idea to LGs in Estonia back in 2011, in the framework of a project funded by the Open Estonia Foundation. In spring 2013, the City of Tartu became the first municipality in Estonia to try PB. It is worth noting that Tartu cannot be

considered a representative city among the Estonian local governments. Having a population of roughly 100,000 inhabitants, it is the second largest city of Estonia. The city positions itself as the “intellectual capital” of Estonia and “the city of good thoughts”, trying to engage its residents in decision-making processes on different local issues, using online channels (III; IV).

The preparatory phase of the pilot project in Tartu in 2013 was not without difficulties. Political confrontations and financial autonomy constraints were among the most critical challenges of the PB preparation process. The political will to pilot the initiative as well as the leading role of the independent and neutral think-tank helped to overcome the difficulties confronted. Also, the previous experience of Tartu in engaging citizens via ICTs has formed a favourable political and civic culture, which was decisive in the success of the preparatory phase (III).

Although initially, only the city of Tartu showed interest in adopting PB, soon after Tartu’s experiences with PB received nationwide attention, other LGs decided to jump on the bandwagon. By January 2016, 14 municipalities in Estonia have already implemented the PB initiative. Table 4 gives an overview of these cases. As Table 4 indicates, PB has been adopted by larger and medium-sized municipalities: none of the LGs with PB have less than 2,000 inhabitants (IV).<sup>11</sup>

Briefly, the PB procedure in the Estonian LGs consists of the following stages (see Figure 7). Firstly, the municipality decides on the amount of funds from the local budget to be allocated for PB. It usually constitutes only a small fraction of the local budget. Secondly, the input from the residents is gathered via the submission of project proposals. Third, the technical analysis of the feasibility of the project proposals is carried out by the city officials. In contrast to most LGs practicing PB, which do not have face-to-face deliberation (except for recent development in Viljandi), the City of Tartu has the discussion seminars following this stage, where the selection of the final list of the proposals for voting is made by the residents, officials and experts in the concrete topic under discussion. Finally, voting on the proposals takes place via two alternative information systems. Depending on the local regulations, one or two of the proposals gaining the largest number of votes is implemented by the local authorities (IV).



Source: the author

**Figure 7. PB procedure in Estonia**

<sup>11</sup> As of January 2017, 20 LGs in Estonia have tried PB.

The variations between the LGs include the characteristics of the voting procedure. In addition to the different platforms in use, the number of votes per participant can also vary, as some municipalities wish to broaden the choice of the voter. Also, in some cases the voting results are disclosed in real time during the voting period, which, according to some municipalities, fosters competition. In other cases, such as Tartu, the voting results can be seen after the voting period has finished in order not to influence the choice of the voter. With few exceptions, all municipalities have the additional opportunity of paper voting. The amount of financial resources allocated for PB constitutes another major difference. This can range from 5,000 to 150,000<sup>12</sup> EUR, in the case of Tartu the latter is split into two parts, i.e. the project proposals are expected to cost 75,000 EUR, and two proposals will receive the funding. The duration as well as the timing of the process also varies greatly (IV; e-Riigi Akadeemia 2014a, 2014b, 2015).

The information systems available for Estonian LGs for a fee<sup>13</sup> – KOVTP and VOLIS – enable online voting in PB procedures. More specifically, KOVTP<sup>14</sup> is a service portal for LGs that offers a website solution with a predefined layout of information and an interface with various applications. It is a more popular and affordable system<sup>15</sup> for LGs than VOLIS.<sup>16</sup> The latter is the information system that makes it possible to conduct meetings and sessions online and that also has the specific PB functionality that was developed for the pilot project of Tartu. Both systems have a module that enables public voting via an ID card and the function to automatically check the residency of the voter according to the population registry (III; IV). The PB module in VOLIS enables the submission of the proposals and has the required security features for personal and voting data, while the voting enabled by KOVTP was designed for conducting public polls only. The latter does not prevent double voting, which implies that the municipality has to monitor the voting data (presented in Excel) and manually delete the double voters (IV).

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<sup>12</sup> The city of Tartu increased PB funds from 140,000 to 150,000 in spring 2016 (Official website of the Tartu Government).

<sup>13</sup> The monthly charge is 34 EUR for KOVTP and 63 EUR for VOLIS (IV).

<sup>14</sup> KOVTP is the Estonian acronym for “service portal for a local government” – “kohaliku omavalitsuse teenusportaal” (IV).

<sup>15</sup> As of spring 2016, KOVTP was used by approximately 150 LGs, while VOLIS had 25 active clients (IV).

<sup>16</sup> VOLIS is the Estonian acronym for “information system for local councils” – “volikogu infosüsteem” (IV).

**Table 4. PB cases in Estonian local governments (January 2016)**

Local Government (cities and parishes)	Population	The initiator of PB	Inception of PB (year)	Amount of money for PB (EUR)	Voting method VOLIS/KOVTP/paper	Turnout (%) Last PB voting	% of total budget
Tartu City	98,332	eGA	August 2013	140,000	VOLIS + on paper	4.7	0.09
Kuressaare City	13,009	Electoral campaign 2013	April 2014	30,000	VOLIS + on paper	3.8	0.15
Elva City	5,666	Electoral campaign 2013	October 2014	10,000	only VOLIS	4.6	0.11
Viljandi City	17,549	Head of the Parish Council/eGA	October 2014	30,000	VOLIS + on paper	5.1	0.13
Tõrva City	2,690	Electoral campaign 2013	December 2014	10,000	KOVTP <sup>17</sup> + on paper	3.1	0.26
Lüganuse Parish	2,941	Parish Elder	December 2014	20,000	Digital signature + on paper	5.1	0.58
Tapa Parish	7,739	Parish Elder	January 2015	15,000	only on paper <sup>18</sup>	5.7	0.18
Puhja Parish	2,219	NA	February 2015	5,000	VOLIS	NA	0.15
Rapla Parish	9,051	Parish Council (Coalition)	April 2015	30,000	KOVTP + on paper	3.4	0.19
Otepää Parish	3,727	Parish Elder	August 2015	8,000	KOVTP + on paper	2.7	0.14
Kose Parish	7,209	Parish Council (Opposition)	September 2015	10,000	KOVTP + on paper	2.5	0.11
Pärnu City	39,784	City Government	October 2015	30,000	VOLIS + on paper	2.2	0.05
Kiili Parish	5,229	Head of the Parish Council	December 2015	15,000	KOVTP + on paper	13.2	0.19
Haljala Parish	2,441	Parish Elder/eGA	January 2016	7,500	KOVTP + on paper	4.7	0.26

Source: (IV)

<sup>17</sup> As of June 2017, this municipality is using VOLIS system (Official website).

<sup>18</sup> As of June 2017, this municipality is using VOLIS system in addition to paper voting (Official website).

It is worth noting that since the implementation of the pilot project, the model of PB in Tartu has been developed further and considerably improved, based on the experience gained every year. After the pilot project, the seminars involving both city-government officials and the representatives of civil-society organisations (CSOs) on how to improve the PB process followed in February and April 2014. One of the fundamental adjustments to the new updated model entailed the addition of the deliberative component to the PB procedure: the discussion forums involving the authors of the ideas, city-government officials and experts in the field were introduced. Besides the deliberative purpose, the participants of these forums have to select the ideas that will be put on public vote. Other amendments concerned the voting procedure: each participant could give three votes instead of one, and the voting results were not displayed in real time, but only after the voting was closed. The city government also organised specific courses for the authors of the proposals on how to better promote their ideas (e-Riigi Akadeemia 2014a, 2014b, 2015). Recently, however, other LGs have also started to adjust their PB models. For instance, the City of Viljandi has updated the model in autumn 2016 by introducing an additional phase in PB procedure, which is similar to the change in Tartu. After the expert analysis of the proposals by the local authorities, the proposals are discussed and selected for voting during the seminar(s) involving the authors of the proposals, city councillors (both from coalition and opposition), representatives from Youth Council and Pensioners' Advisory Board.<sup>19</sup>

In terms of the spread of PB among Estonian LGs, the literature on policy diffusion can provide us with useful analytical lenses. Interdependent policy diffusion occurs when “one government’s decision about whether to adopt a policy innovation is influenced by the choices made by other governments” (Graham et al. 2013, 675). The thesis indicates that the spread of PB in Estonia has been driven by a combination of two diffusion mechanisms: imitation and learning (IV).<sup>20</sup> The latter, according to the diffusion literature, takes place when policy actors update their beliefs about the effectiveness of a policy based on others’ experiences, whereas in the case of imitation, policy innovation is adopted because it helps to enhance the reputation and legitimacy of the adopter or it has become the norm (Douglas et al. 2015; Braun and Gilardi 2006; Simmons and Elkins 2004; Meseguer 2006). The thesis demonstrates that most of the Estonian LGs hoped that PB would activate the citizens and solve the problem of limited

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<sup>19</sup> Official website of the City Government of Viljandi.

<sup>20</sup> The numerous studies that have explored the process of policy diffusion have used various terms to capture the different mechanisms at play and also attempted to develop typologies of diffusion mechanisms (e.g. Braun and Gilardi 2006; Douglas et al. 2015; Gilardi 2003; Graham et al. 2013; Karch 2007). The most often used typology distinguishes between four mechanisms of diffusion: learning, imitation, competition and coercion (Douglas et al. 2015; Braun and Gilardi 2006; Simmons and Elkins 2004; Meseguer 2006).

participation. However, the majority of them were also following the emerging trend of PB and, hence, hoped to be perceived as innovative local authorities. Thus, the diffusion of PB in Estonia has so far been driven by a combination of learning and imitation. Furthermore, the findings indicate that the importance of imitation as a diffusion mechanism has been increasing over time, i.e. later adopters were more motivated to adopt PB because of the legitimacy-seeking and norm-following considerations rather than learning (IV).

There are several factors and actors that influenced the spread of PB in Estonia. The imitation mechanism was reinforced by the characteristics of the first mover – the City of Tartu – the city known for its innovativeness that legitimised the PB model elaborated during the pilot project. In addition to the reputation of the first adopter, the rather simplified procedure, in combination with the small amount of financial resources allocated for PB, facilitated the quick adoption by other LGs. Also, the diffusion was stimulated by the extensive media coverage of the pilot process of PB in Tartu, which contributed to the high salience of this policy instrument. The empirical findings also indicate that most of the LGs adopting PB did not examine the international experience but rather looked at the model used by Tartu. Hence, the diffusion of PB in Estonia was relatively detached from international developments, which, in turn, strengthens the role of the first adopter in influencing what version of PB emerged in the country (IV).

Also, the available ICT tools in Estonia stimulated the spread of PB among Estonian LGs, since they made it possible to conduct online voting on PB projects and decrease the costs of implementation. However, as the thesis indicates, if e-tools are too expensive, they may impose limitations on poorer municipalities. The specific PB module of the VOLIS system cannot be purchased separately, which is seen as a possible obstacle for the adoption and further spread of PB by municipalities not willing to purchase the whole system to perform online PB voting alone (IV). However, the role of ICTs in the formation of the Estonian PB model needs further investigation.

Furthermore, the eGA Foundation undoubtedly played an important role as a policy entrepreneur. The NGO advocated the introduction of the idea of PB in Estonia, disseminated the knowledge about the concept among Estonian LGs, published analytical reports and provided information on the PB developments in Tartu. Hence, eGA stimulated the diffusion and acted as a facilitator of learning (IV).

The Estonian case of PB diffusion demonstrates that small PB funds might help LGs to start experimenting with PB in a “nonthreatening” way, especially in countries with relatively low local financial autonomy, e.g. in the CEE region. Also, PB can serve educational purposes for both sides – for the authorities gaining experience in citizens’ engagement and receiving useful information

about investment needs and for the citizens learning about the scarcity of resources and acquiring skills for participation. Also, the kick start of the PB process could be made by an outstanding city. The emergence of a PB showcase in the city with high reputation could contribute to the willingness of other LGs to learn from or imitate the experience. Furthermore, using public (e.g. central government) funds to provide free ICT tools for LGs is likely to enhance the adoption of PB. Finally, NGOs can significantly facilitate learning about PB and help LGs to improve their practices **(IV)**.

Due to the territorial amalgamation reform<sup>21</sup> that Estonia is currently undergoing, it is hard to predict the sustainability of PB in Estonia. On the one hand, there might be even more need for participatory processes like PB because of the greater distance between local authorities and citizens in larger municipalities. Also, the combined financial resources of amalgamated municipalities might contribute to the continuation of the process, as there might be more funds available for PB. On the other hand, the adoption of PB is a political decision, and it is not possible to forecast whether these participatory processes will be supported in the amalgamated municipalities **(IV)**.

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<sup>21</sup> For a view on the threats of coercive municipal amalgamation with several examples from Estonia, see Drechsler (2013).

## **DISCUSSION: WHAT HAS TRAVELLED ACROSS THE ATLANTIC?**

The discussion section aims at examining what type of PB eventually travelled to Estonia and where it can possibly fit in the taxonomy of European models presented earlier. It briefly discusses the role of ICTs in the democratic processes and in the formation of PB in particular. Also, the section addresses the topic of a profound transformation of the Brazilian experiment after its transnational journey across the Atlantic. It focuses particular attention on the empowerment dimension of the original version of PB.

### *The Travel to Estonia: ICTs at the Service of Participatory Processes*

As a result of its transnational journey, PB has been transformed into various context-dependent versions. European practices of PB rely on multiple procedures, and it is, hence, necessary to provide the typology of various experiments in order to develop the overall understanding of PBs in Europe and not to get lost in a thousand and one examples (Sintomer et al. 2016). The semi-abstract models that the thesis presents – Porto Alegre adapted for Europe, proximity participation, consultation on public finance, community PB and multi-stakeholder participation – provide the identifying characteristics of different PB practices and also indicate the potential role of the civil society in each of them. Also, these models have divergent underpinning logics, objectives and values ranging from deepening democracy aspirations to the aim of modernising administration.

As PB is a rather new practice in Estonia, only preliminary remarks can be made regarding the possible fit of the Estonian model in the taxonomy of European PB models elaborated by scholars in the field (Sintomer et al. 2008, 2016) and discussed in more detail in one of the articles of the thesis (I). The Estonian version of PB has some elements from several models. The participation of individual citizens (neighbourhood, community associations, NGOs have no special status), the discussion of the city-wide proposals (not district-oriented ones) as well as the binding outcomes of the voting results (i.e. citizens have direct decision-making power) constitute similarities to the Porto Alegre adapted for Europe model. However, the marginal proportion of the overall budget the residents can decide upon as well as the absence of social-justice criteria make the Estonian model of PB different from this exemplary ideal-type. Furthermore, on the dimension of objectives, PB in Estonia is similar to the consultation on the public-finance model, which focuses on good management and increased legitimacy. It also includes features of proximity participation – dealing with small issues as well as having a low degree of politicisation and mobilisation.

This model is focused on improving communication between citizens and local authorities, which is also one of the foci of PB in Estonia. Tartu has a more elaborate PB procedure than the other LGs and has discussion forums involving residents, local officials and experts in the field, and is procedurally closer to Porto Alegre adapted for Europe model than to the other two mentioned. As already noted, besides Tartu, other cases of adjusting the model gradually emerge (i.e. Viljandi), which might lead to the transformation of the Estonian PB model that could be the combination of face-to-face meetings with subsequent (mostly online) voting on the proposals.<sup>22</sup> In the majority of the Estonian LGs implementing PB, however, the public deliberation part of the PB procedures is mostly limited to the public presentation of proposals by the citizens. Nevertheless, the electronic platform VOLIS, where, in addition to casting their vote, citizens can also publicly submit their own proposals and comment on the others, in principle, enables at least some online deliberation.

While neither digital PB nor online participation is the focus of the thesis at hand, it is still essential to briefly address some of crucial points associated with the usage of technologies in the democratic process. Technological innovations throughout history were usually accompanied by the idea that technologies could be a means to boost political processes: e.g. cable TV made it possible to air parliamentary sessions and was perceived as a way to enhance democratic values (Vedel 2006; Arterton 1987 in Sampaio and Peixoto 2014). Since the 1990s the use of ICTs in democratic processes has been labelled as e-democracy or digital democracy (Vedel 2006). Technologies started to offer a reliable means of communication with low costs and access for different stakeholders to send and receive messages. Optimistic scholars, then, assumed that with the help of ICTs democratic processes could be changed in a revolutionary way (Vedel 2006; Sampaio and Peixoto 2014).

Estonia, demonstrating outstanding achievements in e-governance and success in internet voting<sup>23</sup>, has a considerably different experience in e-participation projects. These often faced such challenges as engaging a large group of active users and having an impact on public decisions (Toots et al. 2016).<sup>24</sup> However,

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<sup>22</sup> One could also presume that due to the amalgamation reform in Estonia the PB models might undergo transformations, since there will be more separate communities that would defend their preferences.

<sup>23</sup> For a comprehensive overview of the Estonian experience in internet voting, see Vinkel (2015). For an analysis of the relevant law-making process, see Drechsler and Madise (2004). The research on the implementation of internet voting in Estonia from a risk-management perspective can be found in Kalvet (2009). Other research on the Estonian case includes Alvarez et al. (2009); Madise and Martens (2006); Solvak and Vassil (2016).

<sup>24</sup> In particular, the scholars examine the following Estonian e-democracy instruments: e-voting, TOM, osale.ee, Rahvakogu (People's Assembly). Their evaluation framework of

recent research on e-participation demonstrates that there is the need to rethink the notion of active citizen engagement on the web, where content viewers (and not creators) do not necessarily represent the disinterested public, and “their contributions might be one of the crucial success factors in e-participation” (Edelmann 2017, 50). Nevertheless, e-democracy projects are usually confronted with another major problem: the initiatives are piloted in order to test the use of technology at the core of the participatory process but fail to become part of the institutionalised processes of the entities that promote them (Coleman and Brumler 2009). Also, in terms of online deliberation, there are other concerns besides the lurker effect (i.e. individuals following, but not participating in the discussion), such as written expression and anonymity, which promotes hostility, and others (Sampaio and Peixoto 2014). In many cases, the value of online voting is questioned as well: it is criticised for being too easy and “inferior” to face-to-face participation (ibid.). Despite the challenges that the usage of ICTs in PB processes might involve, it is important to recognise that ICTs are at the service of participatory processes. A systemic view of the participatory process that could be complemented by technologies in concrete phases is beneficial.

Hence, a hybrid model in terms of procedures and objectives of PB has travelled to Estonia with some in-country variations: face-to-face deliberations are present only in some cases. Since the Tartu model has the potential to be diffused to other LGs in Estonia (as was the case with Viljandi), it would be advisable to further encourage the spread of this version of PB among Estonian LGs, since it has the most potential to be closer to the ideal-type PB that features the emergence of “a fourth power” (that of the citizenry) (Sintomer et al. 2008, 175). The adjustment of the model by the addition of a social-justice component and increase in PB funds would further move the model to this ideal-type. Otherwise, the limited focus on online components might lead to the continuation of the simplistic approach towards PB, whereby the whole procedure consists of the submission of proposals, which is followed by online voting (whereas the latter, as the thesis clearly demonstrated, has considerably lowered the transaction costs for local authorities to implement PB) (IV). Having rather marginal amounts to decide upon in addition to the absence of discussion forums would not differentiate the Estonian version of PB a lot from consultation on the public-finance model. The normative frames in the latter are based more on participatory versions of NPM rather than “participatory democracy as an alternative to neoliberal globalisation” (Sintomer et al. 2016, 50). It is important to note that in PB cases in Estonia, until now, residents are making proposals themselves and do not prioritise the pre-defined options by the LG (which usually makes the procedure symbolic). Some scholars argue, in the defense of the individualism of online participation, that

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e-democracy instruments contains the following criteria: 1) level of use; 2) user diversity; 3) stakeholder satisfaction with the system; 4) impact on the political process (Toots et al. 2016).

individual proposals are necessarily composed individually but can have a collective approach or be collectively discussed and improved; it is unrealistic to think that individuals are completely isolated from discussions in the public sphere or from discussions about the process with friends, family, co-workers etc. (Sampaio and Peixoto 2014, 423). A similar argument was emphasised by Estonian LGs that do not have deliberative forums in their PB procedures (IV).

The uniqueness of the Estonian e-governance infrastructure (enabling internet voting with a strong authentication procedure via compulsory digital ID) might call for a revision of the typology of European models of PB. Online components in European PBs are used mostly in consultative or co-decisional procedures (e.g. Germany and Portugal<sup>25</sup>), and mentioned in the consultation on the public-finance model, while Estonian PBs produce binding results via online voting on the submitted proposals by the citizens. Hence, the additional theoretical model of PB within the presented typology could take into account the potential of technologies to provide binding results in terms of outcomes in PB processes and could examine whether the online PBs contribute to the emergence of “a fourth power” or, on the contrary, inhibit it. Various issues could be considered here: e.g. while mobilisation in PB processes could be increased due to the possibility to vote over the internet (e.g. research by Mellon et al. (2017) indicates that i-voting increases turnout in PB processes), it would be useful to consider whether and how pure online PB practices would influence the quality of deliberation.

### *Normative Perspective: Communicative vs Empowerment Dimensions of PB*

Given the growing variety of different types and versions of PB worldwide and in Europe in particular, a critical perspective on the global expansion of PB has been developed in the recent literature – what does actually travel under the name of Participatory Budgeting? Röcke (2014) argues that PBs in Europe rarely involve the procedural complexity of the Porto Alegre structure; at best, they have adapted some of the procedural elements of the Brazilian model to the new contexts. Baiocchi and Ganuza (2014) critically assess the transformation of the pioneering Brazilian model of PB by disaggregating its communicative and empowerment dimensions. The scholars argue that the empowerment dimension has been lost/neglected during the transnational journey of PB.

As mentioned earlier, the PB process in Porto Alegre was based on a set of participatory institutions and several main principles: firstly, all citizens were

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<sup>25</sup> Portugal has started preparations for the first nationwide PB in the world. ATM machines are planned to be used for PB voting, providing the secure way of verifying identity. <https://apolitical.co/portugal-world-first-participatory-budget/>.

entitled to participate without any special status being granted to organisations; secondly, there were regularly functioning participatory institutions; and thirdly, resources were allocated in accordance with social/distributive justice criteria (Avritzer 2000; Baiocchi 2001; Abers 2000). The application of these criteria attempted to reduce the influence of aggregative decision-making (i.e. voting) in favour of a deliberative procedure<sup>26</sup>, where citizens not only bargain for their own interests, but also evaluate the distribution of scarce resources within the municipality (Ganuza and Francés 2012). In order to implement PB, the new budget-planning office was created, which stood “above” municipal departments. This helped to ensure the impartiality in implementation, since within Brazilian administrations political parties tended to exert control over particular departments. Also, in order to prepare the administrative machinery for public input all municipal departments had to create the positions of community facilitators. They had the obligation to attend PB meetings and help the participants to prepare technically viable projects (Baiocchi and Ganuza 2014). Furthermore, the Council of PB aimed to debate about the process as a whole: the participant could decide on the rules of the process and specify the broad investment priorities according to social-justice criteria. This institution enabled the participants to self-regulate the process (de Sousa Santos 1998; Avritzer 2000; Baiocchi 2001; Abers 2000; Baiocchi and Ganuza 2014; Ganuza and Francés 2012).

Hence, PB in its original version was much more than just citizens deciding on budget priorities; it was one part of a broader set of institutional reforms. The input gathered from the participants via open meetings was linked with the help of institutional architecture to the centres of governmental decision-making. Therefore, the empowerment dimension of PB focuses on the way these communicative inputs are actually linked to administrative structures, whereas the open structure of transparent meetings where citizens can decide on projects is stressed in the communicative dimension.<sup>27</sup> Since the former is seen as fundamental to the transformative nature of PB, it is essential to outline the four interrelated criteria of the empowerment dimension against which one could judge the PB experiments: the primacy of participatory forums (i.e. how important are PB forums as a point of contact between government and citizen);

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<sup>26</sup> Deliberative-democracy scholars note that deliberation is not the simple aggregation of preferences. Participants aim to reach an agreement with one another, based on reasons and arguments, i.e. “ideal deliberation aims to arrive at a rationally motivated consensus” (Cohen 1989, 75; Thompson 2008). However, as Cohen (1989) argues, even under ideal conditions, a consensus might not be reached, and, hence, deliberation might conclude with voting.

<sup>27</sup> This dimension looks at the intensity of the participation (who actually participates); the inclusiveness of the deliberation (are there biases about who speaks and who decides); and the democracy of the deliberation (what is the quality of decisions emerging from the process) (Baiocchi and Ganuza 2014).

the scope and importance of budget issues that are subjected to participation (i.e. how much of the local budget is subjected to participation and how important is that to social budget); the degree of actual participatory power over the budget (i.e. are there institutionalised, direct and transparent links between participation and government action); and participation's self-regulation (i.e. to what extent are the participants able to determine the rules) (Baiocchi and Ganuza 2014).

Most of the theoretical European PB models presented above would not do well on the empowerment dimension. The models of consultative nature do not provide any institutionalised links between participation and government action. The social-justice criteria are present only in one model – the Porto Alegre adapted for Europe, which also has the Council composed of citizens' elected delegates empowered to regulate the process. The self-regulating criterion could also be partially fulfilled by the models of organised interests, where NGOs are included in the composition of PB decision-making bodies. However, the scope of the municipal budget in these models tends to be small, since the funds allocated for PB tend to be pooled together by different stakeholders (e.g. NGOs, international organisations, the state) (I).

Similarly, the empirical research refers to the technocratic “quick fix” and depoliticised use of PB in the UK (Blakey 2007) as well as the use of PB in Germany as an “electronic suggestion box” with the possibility to prioritise recommendations (II). From the outset, the LGs in Germany did not have the aim of introducing greater direct democracy: the decision-making authority had to remain with the elected political representatives. PB in Germany was inspired by the city of Christchurch in New Zealand that became the best practice of user-oriented management reforms in the 1990s (Röcke 2014, 83). Also, German PBs emerged in the context of the municipal financial crisis; thus, they are not so much about investments, but rather about participatory rating of services and economic management of public funds. They mostly have the unique focus on consultation and are linked to a broader agenda of modernisation and savings (II; Ruesch and Wagner 2014; Geissel 2009; Herzberg 2011; Röcke 2014, 106).

Furthermore, in most cases, PB is not the primary linkage between citizens and the government but one of the participation tools of the municipality, which is integrated into the existing political culture with no transformation of the institutional framework. For instance, in French PBs, elected politicians acquired the role of moderating and summarising the PB debates, which, consequently, is likely to lead to the “selective listening” format of the discussion (Talpin 2011; Röcke 2014). Also, in most European countries, PB has been introduced by local authorities (IV), which stands in contrast with the Brazilian bottom-up experience (Baiocchi 2001). However, the UK has made a further step in this regard: in 2007, PB was introduced into the policy agenda of a national government by the newly elected Secretary of State for Communities and Local Government, Hazel Blears

(CLG 2008). PB was at the centre of her political programme with the established link between the national empowerment agenda and PB that was seen as one of the measures “to put local people in the driving seat” (ibid., 5). The national strategy foresaw its introduction in all local authorities in England by 2012 (ibid.), which indicates the conversion of PB into a tool that is perceived to be compatible with different political ideologies and suitable for varied contexts.

The transformation of PB into a value-neutral device led to the marginalisation of social-justice principles that inspired the initiative in the first place. Many European examples of PB are detached from social-justice values and are connected to small, discretionary funds (Baiocchi and Ganuza 2014). For instance, the UK processes tend to be small-scale and often one-off exercises of participatory grant-making for third-sector organisations (Blakey 2007; Röcke 2008, 2014). Implementing PB through the path of least resistance and connecting it to small budgets implies that participation could become disconnected from the issues that matter most to communities. Participation might become just the technical solution and in combination with advisory roles of participants might in the end demobilise the communities that invest time and energy into the process (Baiocchi and Ganuza 2014; Cleaver 1999).

From this perspective, countries in the CEE region have to be cautious when implementing particular versions of PB. Given the low trust in political institutions, the implementation of PB as a simple technical tool merely for consultation may backfire and, on the contrary, increase public dissatisfaction (King et al. 1998; Irvin and Stansbury 2004). According to Kęłowski and Crieckingen (2014) the case of the city of Sopot demonstrates the implementation of PB as a governance tool to increase the effectiveness of urban policy-making without providing the alternative political framework for citizen deliberation. For instance, the pre-selection of the proposals by the Committee on PB (consisting of the local councillors and members of the administration) was conducted according to vague criteria of “relevance”, “rationality” and “entrepreneurialism”. Also, each year the outcome of PB tended to become the question of a “social contract” with the mayor, who had the right to dismiss investment proposals emerging from PB. The case of Sopot has the template-like role in the Polish context, since it inspired dozens of other PB projects in the country. However, the first PB-like initiative in Poland emerged in the city of Płock (Płaszczyk 2005) and corresponded to the model of multi-stakeholders’ participation existing in Eastern Europe. This model constitutes a process set up by partnerships involving local authorities, international organisations and private enterprises, where civil society has a subordinate role. International organisations play an important part in the dissemination of this model, particularly in the context of development cooperation (Sintomer et al. 2008, 2016). In this dissemination, there is the tendency to advocate mostly the communicative dimension and hence, facilitate the transformation of PB into the part of the

toolkit for good governance ideas. This, in turn, entails the alteration of the original logic of PB: it is now itself assumed to improve administration, rather than administrative reforms having to be the pre-conditions for PB (Baiocchi and Ganuza 2014; Wampler 2010; Goldfrank 2012; Sintomer et al. 2008, 2016).

From this perspective, there is considerable room for improvement in the Estonian PB processes. In terms of whether PB is the only or primary point of claims-making, Estonian LGs do use other participatory procedures, such as engaging citizens in city planning and city development.<sup>28</sup> There is, however, to the author's knowledge, no comprehensive overview of different engagement practices in Estonian LGs. As to the proportion and importance of the budget subjected to participation, Estonian cases use rather marginal funds and do not have any connection to social-justice principles. Regarding the degree of actual participatory power, in the case of the Estonian LGs there is a transparent link between participation and government action due to the availability of the ICT solution for voting as well as local regulations making it obligatory to implement the project that gained the most votes. The preliminary technical analysis of project ideas is conducted by the local-government officials consolidating some proposals and looking at the technical feasibility of the project proposals (e.g. whether the budget of the proposal is realistic) (III; IV). There is, however, the tendency to improve the PB model by integrating a deliberative component. As already noted, Tartu has adjusted the model after the pilot project, having introduced offline discussions, and, some years later, Viljandi followed the similar path. This could be seen as a recommended improvement for other LGs in Estonia that currently use PB as a rather "easy" tool for engagement, not causing any drastic increases in the workload (IV). Similar to European experiences, PBs in Estonia are government-led processes with no self-regulating component, the rules of participation are prescribed by municipalities and are not debated publicly. The exception here, again, is the city of Tartu, which conducted the discussions of the updated model of PB involving both city-government officials and representatives of CSOs on how to improve the PB process in Tartu after piloting the initiative.

Nevertheless, as already mentioned above, PB in Estonia serves as a platform for learning. It provides education for both sides – the authorities experimenting with engagement and the residents acquiring participation skills (IV). In the context of the CEE region, one should not underestimate this value. Also, PB can become a starting point for the potential push of the boundaries of the process towards more intensive engagement and empowerment. Table 5 synthesises the elements of PB process design and the communicative and empowerment dimensions by

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<sup>28</sup> Tartu has been outstandingly active in involving citizens in decision-making processes on different local issues, such as the co-creation of tourist brochures, the preparation of public-transportation tenders and the spatial planning of the city centre (III).

Baiocchi and Ganuza (2014), where every process element can be looked at through the evaluative prism of empowerment. This framework could be useful for further PB-related research that focuses on the normative evaluation of PB practices and aims to provide suggestions for their improvements.

**Table 5. Framework for the evaluation of PB process design elements**

Decision-making body	- Who sets up “the rules of the game”?	Participation’s self-regulating or constitutional aspect: - To what extent are participants able to determine the rules of participation? - To what extent are they able to debate and determine the criteria that will order the process?
Participation	- How are participants being selected? - What type of participation mechanisms is used? - How do citizens participate? (direct vs indirect participation) - How are the meetings organized? (territorial or thematic logic, city, district or neighbourhood level)	Intensity of participation: - Who does actually participate? - Are there features of these participatory spaces that prevent them from being open to all? The primacy of the participatory forums: - Are the participatory forums the exclusive point of contact between government and citizen? If not, how important are they? - What are other ways of accessing government resources and how important are those?
Deliberation	- What is being deliberated? (investments or service delivery, projects or general areas) - How do participants communicate and make decisions?	Inclusiveness of deliberation: - In addition to presence at assemblies, do all citizens “deliberate”? - Are there systematic biases about who speaks and who decides? - Is the technical language made accessible to all? Democracy of deliberation: - What is the quality of decisions emerging from the process? - Do participants feel free to argue and to openly debate or discuss the rules governing discussions?
Empowerment	- What role does the civil society play?	The degree of actual participatory power: - Are there institutionalized, direct and transparent links between participation and government action? - What, if any, administrative reforms are undertaken to prepare the state apparatus to receive participatory inputs? - What discretion do elected officials, technical staff and bureaucrats have over the decisions once they are made? The scope and importance of budget issues: - How much of the local budget is subjected to participation? - How important is that budget to social justice?
Control and monitoring	- Who controls the implementation of the budget?	

Source: the author’s elaboration, drawing on Baiocchi and Ganuza (2014)

## **CONCLUDING REMARKS AND DIRECTIONS FOR FURTHER RESEARCH**

The thesis at hand examined the concept of PB from several perspectives. It focused on three research goals: first, the examination of the theoretical models underlying the PB practices used in Europe and the extent to which they are applicable and suitable in various contexts; second, assessing the feasibility and advisability of PB in the new democracies in the CEE region; and third, exploring the diffusion of PB across LGs in Estonia as well as actors and factors that have influenced its adoption and shaped its diffusion process.

In order to fulfil the first goal, the thesis addressed the typology of different PBs in Europe, the contexts they might fit in and objectives and values they might pursue. It adjusted the existing typology of PB models – Porto Alegre adapted for Europe, proximity participation, consultation on public finance, community PB and multi-stakeholder participation – in accordance with the elaborated process design elements. The procedural typology of European PBs helps to develop an overall understanding of the “contours” of multiple experiences and variations of this process in Europe. The thesis also demonstrates that the existing PB models in Europe are likely to pursue different values and objectives: PB can be used as a managerial, political or good-governance tool and pursue such values as legitimacy, social justice or effectiveness of public action. The thesis also analyses the possible match between a particular PB model and a potential environment. For instance, it argues that the model of Porto Alegre adapted for Europe is likely to be adopted by large, heterogeneous and rather prosperous cities that have high financial autonomy and a predominantly moralistic-traditionalistic political culture.

Following the second aim, the thesis investigated the challenges and opportunities that PB provides for the new democracies in the CEE region. Given the contextual conditions in CEE countries, and acknowledging all the differences and varied legacies, the implementation of the variation close to the Porto Alegre adapted for Europe model would constitute a challenge but also an opportunity to develop participatory culture in the region and to foster genuine decentralisation. Also, the CEE region could take advantage of the usage of ICTs to enable the involvement of many participants as well as providing binding results of the outcomes of participatory process, which is essential in the context of low trust.

Thirdly, from a more detailed angle, the thesis investigated the launch of PB in Estonia and its diffusion among Estonian LGs by looking at the mechanisms of diffusion, actors and factors that have influenced its adoption and shaped its diffusion process. The research demonstrated that the diffusion of PB in Estonia has been driven by a combination of learning and imitation. The availability of

ICT tools, the characteristics of the first adopter and the NGO acting as a policy entrepreneur and facilitator of learning shaped the diffusion mechanism. Estonia has a hybrid model, with some elements from Porto Alegre adapted for Europe, that could be the ideal-type to strive towards. The inclusion of the offline deliberative forums as well as increasing the funds for PB could be a few initial steps. Today, PB in Estonia is a platform for learning – for the authorities to experiment with engagement and for the residents to acquire participation skills.

As a final step, the thesis provided the discussion on what type of PB reached Estonia and what role ICTs could play in the democratic processes and in the formation of PB in particular. Also, in more normative overtones, it stressed the transformation of the pioneering model of PB from the project of a broader set of institutional reforms to the toolkit of ideas for good governance. In spite of these limitations, PB today could still be seen as a starting point for learning democracy and for pushing the boundaries of representative democracy towards more engagement.

If the spread of PB in Estonia continues, further research might focus on what kind of influence (if any) this instrument might exert on the political culture of the country. Also, the role of ICTs in the process of formation of Estonian PB model(s) merits further investigation. More specifically, further studies might focus on the more detailed examination of the impact of the availability of the ID card infrastructure and e-tools on how PB is being institutionalised in the Estonian context. Also, it could be worth researching the variable elements of different PB processes in Estonia and how these shape the political and civic cultures of municipalities. Furthermore, it might be fruitful to examine what factors might affect the turnout in PB processes in Estonian LGs. For instance, one could analyse if the temporal closeness to municipal elections is correlated with the voters' activity, or if the existence of other participatory practices in the municipality is likely to increase the turnout in PB voting.

Röcke (2014) argues that one of the factors that account for the development of national characteristics of PB processes is the type of actors that advocate for the implementation of PB (e.g. politicians, community activists, scholars and experts). She also notes that once the idea of PB is integrated into the national policy discussions, the model cities with the successful PB processes tend to be national, not Brazilian ones, and it is, thus, more appropriate to examine the process of PB diffusion within the national borders. Hence, further research could examine whether the diffusion of PB is as strongly affected by the “first-mover” LG as it has been in Estonia and whether NGOs and other epistemic go-betweens have played similar roles of a policy entrepreneur and facilitator of learning in other countries. Also, given the specificity of the Estonian e-governance infrastructure, it would be fruitful to explore whether PB has diffused more slowly in (otherwise comparable) countries that lack such ICT solutions. In addition to that, there is a paucity of systematic comparative studies on PB implementation and diffusion in the CEE region, where this participatory process is still a relatively new phenomenon but rapidly gaining in popularity.

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# LÜHIKOKKUVÕTE

## **Kaasav eelarvemenetlus: teoreetilised mudelid ja rakendatavus Eestis ja mujal**

Kaasav eelarvemenetlus (KEM) on katusermin paljudele erinevatele maailmas kasutusel olevatele kaasamispraktikatele ja -tavadele. Saanud alguse 25 aastat tagasi Brasiilias, on KEM aja jooksul teinud läbi põhjaliku ümberkujunemise. Praeguseks on KEMi kasutatud kõikidel mandritel kokku üle 40 riigis ja enam kui 1500 linnas (Baiocchi and Ganuza, 2014; Cabannes and Lipietz, 2015).

Kaasaval eelarvemenetlusel puudub ühene definitsioon, kuna viisid, kuidas KEMi maailma erinevais paigus rakendatakse, on paikkonniti vägagi erinevad. Ühe enamlevinud KEMi definitsiooni sõnastasid Sintomer jt (2008). Selle definitsiooni kohaselt võimaldab kaasav eelarvemenetlus esinduskogudesse mitte-valitud kodanike osalemist avaliku raha kasutamise planeerimisel ja investeerimisel (lk 168). Lisaks tõid autorid välja viis tingimust, millele avalike vahendite kasutamise üle otsustamise protsess peab vastama, et saaks rääkida kaasavast eelarvemenetlusest. Esiteks, kuna KEMi rakendatakse piiratud ressurside kontekstis, peab arutelu käsitlema raha jagamist ja/või eelarve planeerimist. Teiseks, peab KEM toimuma linna või piirkondliku omavalitsuse tasandil, kus valitud esinduskogul on volitused ja aparaat võimu teostamiseks. Kolmandaks, KEM ei ole ühekordne ettevõtmine (nt rahvaküsitlus või üksik kohtumine eelarve teemadel), vaid protsess. Neljandaks, eeldab KEM reaalse avaliku arutelu toimumist (nt asjakohased kohtumised ja arutelufoorumid), kodanikele pelgalt juurdepääsu võimaldamine omavalitsuse koosolekutele ei ole KEM. Viimaks on vajalik, et oleks teatav aruandekohustus tulemuste eest (Sintomer jt, 2008, 168).

Kaasava eelarvemenetluse kasutuselevõtt on ärgitanud elavat akadeemilist arutelu, seda alates Brasiilias 1990ndate teises pooles rakendatud mudelitest (nt de Sousa Santos, 1998; Avritzer 2000; Baiocchi, 2001) ja uue hooga 2000ndatest, kui on märkimisväärselt kasvanud Euroopas kasutatud KEM mudeleid käsitlevate uurimistöde hulk (nt Allegretti, Herzberg, 2004; Talpin, 2007; Sintomer jt, 2008). Üha enam on kirjutatud sellest, kuidas ja milliste tulemustega on erinevates riikides ja omavalitsustes KEMi rakendatud. Siiski on vajaka süsteemsest käsitlusest, mis vaatlaks erinevaid KEMi läbiviimise viise ja käsitleks valitud mudeli asjakohasust konkreetse keskkonna kontekstis. Samuti on liialt vähe uuritud KEMi rakendatavust ja sobivust Kesk- ja Ida-Euroopa regiooni uutest demokraatlikes riikides, kus KEMi kasutamine alles hakkab maad võtma. Sealjuures on väga napilt neid käsitlusi, mis vaatlaksid, kuidas on toimunud KEMi levik kohalike omavalitsuste (KOV) seas ühe riigi piires.

Käesoleva doktoritöö eesmärgiks on täita nimetatud lüngad KEMi käsitlevates uurimustes ja süvendada teadmisi KEMist. Väitekirja esitab alljärgnevad uurimisküsimused:

- Millistele teoreetilistele mudelitele põhinevad Euroopa riikides kasutatud kaasava eelarvemenetluse näited ning kuivõrd on need mudelid rakendatavad ja sobilikud erinevates kontekstides?
- Kui rakendatav ja soovitatav on KEMi kasutamine Kesk- ja Ida-Euroopa regiooni uutes demokraatlikes riikides?
- Kuidas on toimunud KEMi levik Eesti KOVide hulgas; kes ja mis on Eestis KEMi kasutuselevõttu ning levikut enim mõjutanud?

Väitekirja ülesehituse loogika liigub uurimisküsimustest johtuvalt erinevaid Euroopas kasutatud KEM mudeleid käsitlevalt teoreetiliselt diskussioonilt empiirilisele osale, mille fookuses on KEMi rakendamine Kesk- ja Ida-Euroopa regiooni riikides, konkreetselt Eesti kohalikes omavalitsustes.

Väitekirja põhiosa koosneb neljast algupärasest artiklist, mis käsitlevad kaasava eelarvemenetluse kontseptsiooni erinevatest vaatenurkadest. Esimene artikkel “Kaasav eelarvemenetlus kohalikul tasandil: väljakutsed ja võimalused uutes demokraatlikes riikides” analüüsib ja süstematiseerib erinevate Euroopas kasutatud KEM mudelite kohta ilmunud käsitlusi. Artikkel toob välja põhilised keskkonnafaktorid, mis võivad mõjutada KEMi kasutamist ja selle praktilisust erinevates kontekstides ning analüüsib seoseid konkreetse keskkonna ja valitud mudelite vahel. Samas artiklis käsitletakse ka erinevate KEM mudelite rakendatavust Kesk- ja Ida-Euroopa uutes demokraatlikes riikides **(I)**. Raamatupeatükk “Kohaliku demokraatia uuenduskuur läbi arutelu võimaldavate osalusinstrumentide: kaasava eelarvemenetluse võrdlev uurimus” keskendub nelja Euroopa riigi - Saksamaa, Hispaania, Slovakkia ja Eesti - KEM kogemusele. Uurimus vaatleb, kes on KEM protsessi eestkõnelejad ja eestvedajad, milliseid meetodeid kasutatakse ja milliste eesmärke poole püüeldakse. Samuti heidetakse pilk IKT mõjule KEM protsessis. Kolmas artikkel “Hea valitsemistava algab protseduurilistest muudatustest: kaasava eelarvemenetluse ettevalmistamine Tartu linnas, juhtumianalüüs” kirjeldab praktilist kogemust kaasamisprotseduuri rakendamisel uues demokraatlikus riigis. Artiklis saavad tähelepanu probleemid, valikud ja võtmetähtsusega asjaolud, millega Tartu linnavalitsus pilootprojekti ettevalmistamisel silmitsi seisis **(III)**. KEMi levik Eestis on neljanda artikli, “Poliitika levik kohalikul tasandil: kaasav eelarvemenetlus Eestis”, teemaks, vaadeldes selle instrumendi leviku mehhanisme ning analüüsides asjaolusid ja võtmeisikuid, kes ja mis soodustasid või pärssisid KEMi kasutuselevõttu Eesti kohalikes omavalitsuses **(IV)**.

Vastates esimesele uurimisküsimusele võtab väitekiri lähemalt uurida Euroopas kasutatavate erinevaid KEM mudelite tüpoloogiat, nende kasutamiseks sobivaid kontekste ning eesmärgi ja väärtusi, mida valitud menetlusmeetod endas kannab. Väitekiri kohandab juba olemasolevat KEM mudelite tüpoloogiat – Porto Alegre Euroopa jaoks kohandatud versioon, paikkondlik osalus, avaliku eelarve arutelu, kogukondlik KEM ja erinevate huvigruppide kaasamine – vastavalt KEMi läbiviimise protsessi nüanssidele. KEMi protseduurist lähtuv liigitamine aitab näha suuremat pilti, mis koorub välja erinevate kogemuste tunnusoontest ja varieeruvusest Euroopa mastaabis. Väitekiri toob välja tõsiasja, et Euroopa riikides kasutatud KEM mudelid toetavad sageli täiesti erinevaid eesmärgi ja väärtusi: KEMi võib rakendada nii juhtimis-, poliitika- või hea valitsemise instrumendina, et edendada selliseid väärtusi nagu legitiimsus, sotsiaalne õiglus või avaliku tegevuse tõhusus. Väitekiri analüüsib ka võimalikku seost konkreetse KEM mudeli kasutamise ja selle rakendamise keskkonna vahel. Näiteks sedastatakse, et Porto Alegre mudeli kasutamisel Euroopa riikides leiab see kasutust pigem suurtes, heterogeenses ja suhteliselt heal järjel olevates linnades, mis on rahaliselt üsna sõltumatud ja valdavalt moralistlik-traditsioonilise poliitilise kultuuriga.

Teise uurimisküsimuse raamistikus vaatleb väitekiri KEMi rakendamise probleeme ja võimalusi Kesk- ja Ida-Euroopa uutes demokraatlikes riikides. Pidades silmas Kesk- ja Ida-Euroopa riikide konteksti ning arvestades nende mitmesuguseid erisusi ja ajaloolist tausta, kujutaks Euroopale kohandatud Porto Alegre mudelilaadse KEMi rakendamine ühelt poolt väljakutset, aga samas ka võimalust osaluskuultuuri arendamiseks regioonis ja sisulise detsentraliseerimise soodustajat. Kesk- ja Ida-Euroopa riigid võiksid rohkem kasutada ära IKT võimalusi, et haarata kaasa enam osalejaid ja tagada osalusprotsessi tulemusena saadud otsuse siduvus, mis on madala usaldusväarsuse kontekstis võtmetähtsusega.

Kolmandaks läheneb väitekiri uurimisteemale detailsemast aspektist ning võtab vaatluse alla KEMi kasutuselevõtu Eestis ja leviku Eesti kohalikes omavalitsustes, keskendudes leviku mehhanismidele, isikutele ja asjaoludele, mis on KEM rakendamist ja levikuprotsessi mõjutanud. Uurimistööst selgus, et KEMi levik Eestis on tuginenud nii teiste kogemustest õppimisele kui ka imiteerimisele. KEMi levikut KOVide hulgas mõjutas nii IKT vahendite kättesaadavus, esmakasutaja eeskuju kui ka vabaühenduse aktiivsus poliitikaedendaja ja õppimise soodustajana. Eestis kasutatakse KEMi hübriidmudelit, millel on mitmeid Euroopa riikidele kohandatud Porto Alegre mudeli elemente, mis võiks olla ideaalmudeliks, mille suunas püüelda. Esimesteks sammudeks selles suunas võiks olla silmast-silma toimivate kohtumiste ja arutelude korraldamine ning KEMi kaudu jagatavate summade suurendamine. Tänapäeval Eestis on KEM õpikeskkond, kus võimuesindajad saavad katsetada kaasamist ning elanikud parandada oma osalusoskust.

Väitekirja viimases osas arutletakse selle üle, milline on Eestisse jõudnud KEM mudel ja milline võiks olla IKT roll demokraatlikus protsessis ning KEMi moodustumises. Normatiivsemast vaatenurgast toob väitekirja esile protsessi, mille käigus KE esialgne mudel on teinud läbi arengu erinevate institutsionaalsetele reformidele suunatud projektist hea valitsemise võtete tööriistakoguks. Mõningatest reservatsioonidest hoolimata on KEMi hea platvorm demokraatia õppimiseks ja esindusdemokraatia kannustamiseks kodanike suurema kaasatuse suunas.

Kui KEMi kasutamise kasv Eestis jätkub, võiks edaspidi uurida, millist mõju (kui üldse) võiks see instrument avaldada riigi poliitilisele kultuurile. Samuti vääriks tähelepanu IKT roll Eesti KEM mudeli kujunemisprotsessis. Konkreetselt tasuks edasises uurimistöös võtta luubi alla, kuidas ID-kaardi infrastruktuuri kättesaadavus ja olemasolevad e-lahendused mõjutavad KEMi institutsionaliseerimist Eestis. Lisaks tasuks uurida Eestis kasutatud kaasava eelarveprotsessi erinevaid elemente ja seda, kuidas see mõjutab omavalitsuste poliitilist- ja kodanikukultuuri. Heaks uurimismaterjaliks võivad olla ka need faktorid, mis inimeste osalusaktiivsust KEM protsessis Eesti omavalitsustes mõjutavad. Näiteks oleks huvitav teada, kas see, kui kohalikud valimised on toimumas/toimunud lähiajal, mõjutab kodanike osalusaktiivsust või kas see, kui kohalik omavalitsus pakub kodanikele ka muid osalusvõimalusi, suurendab inimeste osalusaktiivsust ka KEM protsessis.

Röcke (2014) väitel mõjutab konkreetse riigi KEM protsessi iseärasusi see, kes on antud riigis KEMi eestkõnelejad – kas poliitikud, kogukonna aktivistid, teadlased ja/või eksperdid. Ta tõi välja, et kui KEMi idee on omaks võetud riikliku taseme poliitilistes diskussioonides, siis tuuakse eeskujuks pigem kohalikke linnasid, mitte Brasiilia näiteid. Seega, oleks asjakohasem uurida KEMi leviku protsessi just ühe riigi piires. Sellest johtuvalt võiks edasine uurimistöö käsitleda seda, kas KEMi levik on saanud tugevaid mõjutusi esmarakendajalt, nagu see on olnud Eestis, ning kas mujal riikides on vabakondadel ja teistel antud valdkonna eestkõnelejal olnud samaväärne tähtsus poliitika algataja ja edendajana. Arvestades Eestile iseloomuliku e-valitsemise infrastruktuuri, oleks asjakohane uurida, kas KEMi levik on olnud aeglasem neis riikides, mis on muude näitajate poolest Eestiga võrreldavad, kuid kus sarnased e-lahendused puuduvad. Vajaka on seni ka süsteemseid võrdlevaid uurimusi KEMi rakendamise ja levikust Kesk- ja Ida-Euroopa riikides, kus osalusprotsess on endiselt suhteliselt uudne, kuigi jõudsalt populaarsust koguv nähtus.

## ACKNOWLEDGEMENTS

I am indebted for the inspiration to research the topic of participatory budgeting during my master's studies to Ivar Tallo, the co-founder of the e-Governance Academy Foundation and the supervisor during the early stage of my career. I am grateful for the opportunity I have been given by Ivar to participate in the implementation of the project focusing on the introduction of the concept of PB to the Estonian local government scene several years ago. I would also like to thank Kristina Reinsalu for sharing her insights on the practice of implementation of PB in Tartu, for her emotional support and understanding at the finish line of my thesis and for being the co-author of one of the articles of the current dissertation. My gratitude also goes to Annela Kiirats for being a sympathetic, warm-hearted and supportive colleague for many years.

My deep feeling of appreciation belongs to my supervisor, Prof. Ringa Raudla, who encouraged me to continue my academic journey after finishing my master's degree. I am truly grateful to Ringa for her enormous support throughout all these years, for her understanding, patience, calmness and the ability to encourage me to continue working towards the goal, not only through the always inspiring feedback, but also through her personal example. I am very thankful to Ringa for the opportunity to collaborate with her in writing papers together, which was, undoubtedly, a tremendously valuable experience for me. I feel sincerely lucky to have had her as my academic mentor during my master's and doctoral studies. I would also like to express my gratitude to everyone from the Ragnar Nurkse Department of Innovation and Governance, where I spent more than a decade gaining new knowledge starting from the first year at the university.

During my PhD studies, I received essential support from the international academic community. I am thankful for the granted opportunity to participate in the European Science Foundation-funded COST Action entitled "Local Public Sector Reforms: An International Comparison" led by Prof. Sabine Kuhlmann and Prof. Geert Bouckaert. This international cooperation network gave me the chance to fruitfully collaborate with other researchers and publish one of the articles of this dissertation. Also, I am especially thankful to Prof. Colin Copus from Local Governance Research Unit at De Montfort University in Leicester, the UK, for hosting me on a short-term scientific mission within the framework of COST project. I am grateful for his time devoted to introducing me to specifics of local government system in the UK. Furthermore, I am grateful to Prof. António Tavares and all of his colleagues from the Operating Unit on Policy-Driven Electronic Governance of United Nations University in Guimarães, Portugal. The friendly atmosphere and the support that I felt during my stay at the Unit cannot be overestimated. The introduction to this thesis has benefitted from this stay to a large extent. The visit to the UNU-EGOV was possible with support

of the Study Mobility Program for Doctoral Students within the framework of Dora Pluss Action 1.2 supported by the European Regional Development Fund.

I am particularly thankful to my family and to my close friends for their continuous support of my academic endeavours without ever having doubted the importance and value of this journey, which, as I have realised now, is immeasurably important. I feel exceptionally fortunate to have had them by my side in good and bad times. I am grateful to my mother, Galyna, who has always believed in my abilities and encouraged me to study and to my father, Sergey, for his calmness, patience and rational mind. I am thankful to my partner, Alex, for being the person he is. It would have been quite a different path without him.



## **PUBLICATIONS (Articles I-IV)**

### Article I

**Krenjova, J.** and R. Raudla. 2013. "Participatory Budgeting at the Local Level: Challenges and Opportunities for New Democracies." *Halduskultuur – Administrative Culture* 14(1), Theme Issue: Local Governance, Decentralization and Participation – Meta-Governance Perspectives, 18-46.



## Participatory Budgeting at the Local Level: Challenges and Opportunities for New Democracies

*Jelizaveta Krenjova and Ringa Raudla  
Tallinn University of Technology, Estonia*

### ABSTRACT

The main goals of this paper are to examine the existing models of participatory budgeting (PB), to match the various models to different constellations of contextual variables and to investigate the applicability of PB in the new democracies in Central and Eastern Europe (CEE). First, the article gives an overview of the different (Western) European PB models put forth in the existing literature (Porto Alegre adapted for Europe, proximity participation, consultation on public finance, multi-stakeholder participation, and community participatory budgeting) and outlines the main environmental variables (financial autonomy, political culture, the size, heterogeneity and prosperity of the local government (LG) units) that are likely to influence the applicability and feasibility of PB in different LGs. As a second step, the paper analyses the links between different PB models and the environmental variables: it examines under which conditions each of the PB models would be applicable and advisable. As a third step, the article discusses the applicability of different PB models in the new democracies in the CEE region. As the analysis shows, limited financial autonomy of the local governments and the prevailing political culture (combined with weak civil society) are likely to constitute the main challenges to implementing PB in CEE countries, especially if the implementation of the Porto Alegre model is considered. At the same time, PB could be used to encourage the development of participatory culture in the region and to foster genuine decentralisation.

**Keywords:** participatory budgeting; Central and Eastern Europe; local government

### 1. Introduction

Participatory budgeting (PB) is essentially a process of participation that enables ordinary citizens to make decisions about budget allocations. It is a "democratic innovation" stemming from the South: PB was pioneered in the Brazilian city of Porto Alegre at the end of the 1980s, and it has, since then, become one of the best

known examples of “empowered deliberative democracy” (Fung and Wright 2003). Proceeding from the model of Porto Alegre, several cities in Brazil and other countries in Latin America adopted PB, followed by local governments (LGs) in many other countries in the world (Goldfrank 2007; Sintomer et al. 2010a, b). The estimated number of PBs in Europe approached the landmark of 300 and the corresponding number of worldwide initiatives exceeded 1400 cases by 2010 (Sintomer et al. 2010b, 10). Furthermore, the growing popularity of PB is demonstrated by the increasing number of cities planning to experiment or already piloting this participatory instrument.

What could be the reasons for such an “invasion” of participatory budgets? Presumably, it has become obvious that representative democracy, despite its worldwide triumph, does not fully satisfy citizenries (Geissel 2009). Political dissatisfaction, political distrust, citizens’ apathy – a few phrases that could characterise today’s world. While the reasons behind these deficiencies constitute the topic of another paper, their mere existence should ring an alarm. And indeed, it has. Citizens’ participation in the decision-making has become one of the favourite topics of many conferences and workshops in academia as well as in politics. As evidence of this, Open Government Partnership<sup>1</sup> – the worldwide multilateral initiative launched in September 2011 – has declared civic participation in public affairs to be one of the building blocks of its programme.

Participation, however, has its critics as well. One can find scepticism focusing on the lack of citizens’ knowledge about making difficult socio-economic and political decisions. It can be argued that you have to know how the engine works in order to construct a car, i.e. people lack knowledge to participate in public affairs (Cellary 2011).

Nevertheless, as one of the participants at ICEGOV 2011<sup>2</sup> argued: “I would never really ask the citizens how to build a bridge, but I might want to ask them where to put it”. Participation has to be understood within certain borders. It should not be associated only with direct democracy, which might theoretically become a reality due to the rapid development of information and communication technologies (ICTs). As Coleman and Götze (2005) put it, pure and extensive direct democracy is not desirable, as it is positively correlated with dissatisfaction with the institutions of representative democracy. What could possibly be desirable is the linking of elements of direct and indirect democracy, which is exactly what the social experiment such as participatory budgeting strives to do (Novy and Leubolt 2005).

One might wonder, however, what is so special about PB, i.e. how this mechanism of participation differs from traditional government-citizens interactions. Fung and Wright (2003) group PB with the reforms they call “empowered deliberative democracy” or EDD<sup>3</sup>. These reforms are radically democratic in their “reliance on

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<sup>1</sup> More information on the initiative can be found on the official website of the Open Government Partnership: <http://www.opengovpartnership.org/>

<sup>2</sup> International Conference on Theory and Practice of Electronic Governance [www.icegov.org](http://www.icegov.org). The 5<sup>th</sup> conference took place in Tallinn, Estonia on 26-28 September 2011. More information available at [www.icegov2011.icegov.org](http://www.icegov2011.icegov.org).

<sup>3</sup> EDD can be characterised by three main principles: “1) a focus on specific, tangible problems, 2) involvement of ordinary people affected by these problems and officials close to them, and 3) the deliberative development of solutions to these problems”. (Fung and Wright 2003, 17)

the participation ... of ordinary people”, deliberative because they foster “reason-based” decision-making<sup>4</sup> and empowered as they try to “tie action to discussion” (Fung and Wright 2003, 7). Overall, the topic of PB interweaves with discourses on participatory democracy/governance (Geissel 2009), deliberative democracy (Ganuza and Frances 2011), public-sector modernisation and public-management reform (Allegretti and Herzberg 2004; Herzberg 2011). While discussions on participatory democracy and governance converge in the statement that PB might aid to combat a range of “malaises” such as political apathy, distrust and dissatisfaction, deliberation-focused researches look at the ability of PB to foster dialog and communication. Furthermore, in terms of public-sector modernisation, PB is capable of enhancing transparency and accountability in public administration by “opening the backdoors” of the budgeting process and involving citizens in learning and deciding about its trade-offs. PB also charges citizens with new responsibilities of “co-producers” of public services and in general “co-deciders” in political decisions which in turn fits with the “post-post-NMP” rhetoric called New-Weberian-State (NWS)<sup>5</sup> (Pollitt and Bouckaert 2004; Herzberg 2011).

The NWS principles that argue for the supplementation of the representative democracy by devices for consultation/participation are very important for CEE countries<sup>6</sup>, which have undergone radical changes since the collapse of the Soviet Union when the structure of intergovernmental and citizens-state relations essentially changed (Pollitt and Bouckaert 2004 in Randma-Liiv 2008, 12).

The newly born states passed new constitutions providing autonomy for the local level of governance and encouraging citizen participation. However, due to the communist legacy the citizens of these countries, who were detached from decision-making for a long time, seem to be mistrustful of collective action and are mostly passive receivers rather than active developers of public services. Also, the local authorities might not feel confident vis-à-vis strong business actors that came to dominate the civil society of the new democracies (Pollitt and Bouckaert 2004; Fölscher 2007; Randma-Liiv 2008). Hence, PB as an instrument for integrating the elements of indirect (or representative) democracy with the ones of direct democracy might help the local authorities in CEE countries to strengthen their legitimacy on the one hand and can provide the citizens of new democracies with incentives to break the walls of passiveness and detachment and participate in local decision-making on the other<sup>7</sup>.

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<sup>4</sup> Deliberation as a distinctive feature of the EDD model does not foresee participants being altruistic or having similar opinions that would converge in a consensus. As Fung and Wright (2003, 19) put it, “real-world deliberations are often characterized by heated conflict.” According to the model the important feature of genuine deliberations is the process whereby participants are persuading one another “by offering reasons that others can accept”.

<sup>5</sup> The NWS approach tries to combine the elements of Weberian bureaucracy with neo-elements of New Public Management ideology. For more information on public-management reform see Pollitt and Bouckaert (2004) and Drechsler (2005).

<sup>6</sup> The paper at hand investigates the new member states of the European Union (Bulgaria, The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia), as these are often regarded as constituting a relatively homogeneous group in the CEE region

<sup>7</sup> It has to be emphasised, however, that the focus of this paper remains on the concept of PB and its applicability in new democracies and has no intention to investigate any specific problems in CEE countries and their possible solution with the help of PB.

However, next to the opportunity of changing the citizens-state relations, the context of CEE countries comprises the challenges of rather complicated and underdeveloped intergovernmental fiscal relations. The roles and responsibilities are ambiguously assigned to the local level, expenditure responsibilities might not match with the revenue capacity, and the transfers from the upper governmental level might not be reliable, either (Fölscher 2007).

There is, however, no universal definition of PB as its experiences and practices vary all over the world and depend on local context and conditions (Matovu 2007). As Cabannes (2004, 28) puts it, a real challenge in analysing PB experiences is “the uniqueness of each experience”. The differences in PB practices range from the form of citizen participation in the budget-preparation phase to controlling the implementation after the budget has been approved (Sintomer et al. 2008; Cabannes 2004, 28). For the purposes of this paper, it is useful to depart from a relatively broad definition, such as provided by Sintomer et al. (2008, 168). They define PB in the following way: “participatory budgeting allows the participation of non-elected citizens in the conception and/or allocation of public finances”. Additionally they propose five criteria: (1) the financial dimension has to be discussed; (2) the city level has to be involved; (3) the process has to be repeated; (4) there has to be some form of public deliberation; (5) some accountability is required (Sintomer et al. 2008, 168). Within this broad definition, PB can, of course, take on different forms, and the models of PB can vary significantly. The most systematic typology of different forms of PB has been put forth by Sintomer et al. (2010a, b), who distinguish between the Porto Alegre adapted for Europe, proximity participation, consultation on public finance, multi-stakeholder participation and community-participatory budgeting.<sup>8</sup>

While there is a large and increasing body of literature *describing* the application of PB and its different variants in various countries, there is a lack of *systematic* approaches that would discuss the applicability and suitability of the various models of PB in different *contexts*. Furthermore, there are almost no studies that would examine the feasibility and advisability of PB in the new democracies in the region of Central and Eastern Europe (CEE).<sup>9</sup> This paper seeks to fill these gaps by providing a systematic overview of the environmental variables that are likely to influence the applicability of the different PB models and then discussing the feasibility of PB in CEE countries. Hence, the goals of the paper are the following: First, it will discuss the central elements of the PB process and the different forms PB can take (Porto Alegre adapted for Europe, proximity participation, consultation on public finance, multi-stakeholder participation and community-participatory budgeting). Second, the article will outline the main environmental variables that are likely to

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<sup>8</sup> The scholars distinguish between 6 models of European PB experiences. However, the paper at hand will analyze only 5 of them. The reason behind this is that the 6<sup>th</sup> model labelled “participation of organized interests” does not have any prominent features that could distinguish it from the models taken under current investigation that also focus on organised interests’ participation. Therefore, the sample of 5 models fully covers the variety of PB experiences.

<sup>9</sup> The main exception is Fölscher (2007). Her chapter, however, focuses primarily on *describing* PB experiences (initiated and funded by international donors) in Albania, Armenia, Bulgaria, Moldova, Poland, Romania, the Russian Federation and Ukraine. It does not provide a systematic discussion of which PB models could be applicable in the CEE region, however.

influence the feasibility and suitability of PB in LGs. Third, it will examine the linkages between different models and environmental variables and discuss under what conditions each of the PB models would be feasible and advisable. Finally, the article discusses the applicability of PB in the new democracies in Central and Eastern Europe, with a specific focus on those CEE countries that are by now members of the European Union. As there have been no systematic discussions on the applicability of the different PB models in CEE countries in the PB literature so far, we hope that our paper can serve as a useful starting point for further discussions and studies of PB in this region. The structure of the paper follows the sequence of these goals.

## **2. Models of Participatory Budgeting**

Even though it is not the simplest task to “map the contours” of PB and the different PB models as its practices are extremely diverse, the attempt to do so still seems to be inescapable, if we want to study PB in a more systematic way. As Esping-Andersen argues, “the point of generalisation is economy of explanation – to be able to see the forest rather than the myriad unique trees” (Esping-Andersen 1997, 179 in Cousins 2005, 110). The paper will hence try to sketch the “forest” of the PB process, by first identifying the main elements in the PB process (section 2.1) and then looking at the different configurations of these elements in the form of PB models (section 2.2).

### **2.1. Mapping the Contours: Process Design Elements in PB**

The process design variables described below have been extracted from the research conducted by Cabannes (2004), which draws on 25 experiences in Latin America and Europe, and from the global study by Sintomer et al. (2010a), which elaborated different models of PB in Europe. Additionally, the proposed framework integrates ideas from Fung (2006), Ebdon and Franklin (2006) and Talpin (2007).

The PB process starts with the elaboration of a strategy, plan or legal act of any kind that would set up the procedure of the whole participatory process. In other words this act/document should state “the rules of the game” – e.g. themes for discussion, criteria for allocating resources, the number of meetings etc. There are variations on what body determines these rules. The literature proposes different options: the Council of the Participatory Budget,<sup>10</sup> the pre-existing social and political frameworks such as neighbourhood associations, and local administration. This stage can also be of participatory nature; that is, the citizens can be involved in drafting this regulatory act. This element (or variable) will be labelled PB decision-making body.

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<sup>10</sup> The Council of the Participatory Budget consists of the delegates elected by the participants of the meetings, i.e. citizens. Its main functions concern the elaboration of the budget proposal with the integrated results of the discussions during the meetings, to revise the final budget proposal elaborated by the City Council and to monitor the implementation of the budget (Avritzer 1999). This is mostly practiced in Brazilian and Latin American experiences.

Next, a central element of PB is who is expected to participate. The procedure can be oriented towards different types of citizens: citizens from various social groups (e.g. women, pensioners, foreigners etc.), organised citizens (e.g. associations), single active citizens, “ordinary citizens” (chosen by random sampling), and all citizens (referendum). Hence, there are differences in the scope of participation. Different participants’ selection methods can be applied depending on who is invited to take part: self-selection, targeted recruiting, random selection etc.

The next stage involves the gathering of proposals (input) from the participants. There is a great variety of participation mechanisms ranging from public meetings and citizens’ forums to surveys (Ebdon and Franklin 2006; Hinsberg and Kübar 2009). This stage can be multi-layered depending on whether the participation is direct or indirect. In other words, the PB procedure might involve the election of delegates, who can be either professional<sup>11</sup> or lay<sup>12</sup> stakeholders. In case of open meetings different territorial levels can be involved – city, district or neighbourhood levels.

**Table 1: Participatory Budgeting: Process Design Elements**

<b>PB decision-making body</b>	<ul style="list-style-type: none"> <li>• Who sets up the rules of the game?</li> </ul>
<b>Participation</b>	<ul style="list-style-type: none"> <li>• How are the participants being selected?</li> <li>• What types of participation mechanisms are used? (public meetings, focus groups, simulation, advisory committees, surveys etc.)</li> <li>• How do citizens participate (direct vs indirect participation)?</li> <li>• How are the meetings organised (territorial or thematic logic, city, district or neighbourhood level)?</li> </ul>
<b>Deliberation</b>	<ul style="list-style-type: none"> <li>• What is being deliberated? (investments or service delivery, projects or general areas?)</li> <li>• How do participants communicate and make decisions?</li> </ul>
<b>Empowerment</b>	<ul style="list-style-type: none"> <li>• What role does the civil society play?</li> <li>• Are the participants’ decisions binding for the authorities?</li> </ul>
<b>Control and monitoring</b>	<ul style="list-style-type: none"> <li>• Who controls the implementation of the budget?</li> </ul>

Source: the authors, drawing on Cabannes (2004), Sintomer et al. (2010a), Fung (2006), Ebdon and Franklin (2006) and Talpin (2007).

As the definition of PB prescribes, in the course of participation, citizens are encouraged to deliberate on projects or proposals they put forward. The subjects of deliberation can vary from the general areas (e.g. education, healthcare) to concrete public services or specific projects. After deliberation comes the decision-making stage, where the citizens’ proposals, projects and discussions are transformed into public decisions (and actions). Depending on the extent of civil society’s influence on the final decision, the PB literature suggests three levels of empowerment:

<sup>11</sup> i.e. paid representatives of organised interests (Fung 2006, 68).

<sup>12</sup> i.e. unpaid citizens who have interest and desire to represent others with similar interests (ibid.).

“selective listening”, co-governing partnership and de-facto decision-making competence (Fung 2006; Herzberg 2011). While “selective listening” stands for a mere consultation process, where citizens’ proposals are simply taken into account by local authorities, de-facto decision-making competence at the other side of the spectrum means the local council’s obligation to officially approve the participatory budget plan. The middle level of empowerment – co-governing partnership – implies joint decision-making of local authorities and representatives of civil society. The decision-making mode, in turn, can range from voting to consensus.

Finally, it is rather obvious that once the budget has been approved, its implementation requires control and monitoring. The performance of these functions can range from control by the executive branch to control by the citizens.

## 2.2. Sketching Models of PB

As could be seen from the previous section, there is no “one size fits all” approach. If PB is a tool for deepening/democratising democracy (Fung and Wright 2001; Schugurensky 2004), then this tool has been applied very differently depending on the local conditions and context. However, in order not to get lost in “thousand and one” examples of PBs, it is useful to look at different configurations of the process variables in the form of ideal types. Proceeding from the framework of process-design variables presented in the previous subsection, this subsection gives an overview of different models of PBs in Europe – Porto Alegre adapted for Europe, proximity participation, consultation on public finance, community participatory budgeting and multi-stakeholder participation – drawing on the typology elaborated by Sintomer et al. (2008, 2010a, b). The description of the models will be based on the studies by Sintomer et al. (2008, 2010a, b), but it has been adjusted to the framework of process-design variables described earlier. Whereas the first model – the adapted version of Porto Alegre – is presented separately, the other 4 models are outlined in pairs, for the sake of comparison and better understanding. The model of Porto Alegre adapted for Europe can be considered to be the “genuine” type of participatory budgeting as it has preserved the basic features of the Brazilian case, where this participatory process has its roots. The other two models have made “concessions” to the genuine participatory model on two fronts: proximity participation as well as consultation on public finance are purely of *consultative* nature (rather than implying binding constraints on the elected representatives), while multi-stakeholder and community participatory budgeting are oriented towards *organised* citizens only (rather than all individual citizens).

### 2.2.1. A Democratic Innovation from the South: Porto Alegre Adapted for Europe

Participation in the Porto Alegre model adapted for Europe is based on the participation of individual citizens in open meetings at the neighbourhood level via self-selection. During the preparatory meetings citizens elect delegates to the special Council, which elaborates the “rules of the game” that are valid for the next year. Further meetings at the higher territorial levels (district and city levels) are performed by the delegates, who are typically the members of residents’ organisations, local associations and political parties. Concrete investment projects are being discussed

at the neighbourhood level, and once the list of projects is ready it is voted on in an open assembly. Later the proposals are being ranked by the district and city delegates (e.g. by applying social justice criteria<sup>13</sup>). The final list constitutes a participatory budget proposal which is presented at the municipal council and is later incorporated into the city budget. Once the budget has been approved, the monitoring body (composed of the district and city delegates) is set up. Thus, in this model, people are granted de-facto decision-making powers, meaning that the municipal council has the obligation to approve the participatory budget proposal. According to Herzberg (2011, 8) exactly these kind of practices can be truly called “democratic innovations”.

### *2.2.2. Consultation-Based Participation: Proximity Participation and Consultation on Public Finance*

The feature of these two models is the fact that they are purely consultative. More specifically, both types involve the process of “selective listening”; i.e., the results of the deliberation are being summed up by local authorities, who later implement only those proposals that are in accordance with their own interests. Associations can hardly play any role; rather, participation takes place via citizens’ assemblies and fora. In the latter, participants are being invited through media, by mail or personal invitation. Herzberg (2011, 8) regards such experiences as “symbolic”, since according to his opinion the changes they provoke are rarely visible.

The proximity-participation model involves districts as well as a city as a whole with the deliberation on investments in the former case and on general strategic goals in the latter. Proposals are not ranked and the decisions are usually taken by consensus. LG prescribes the procedure (if there is any) and local representatives moderate the discussion during the deliberation phase.

Consultation on public finance is mostly directed towards making the financial situation of a city more transparent. Information is usually distributed in brochures, via the Internet and press releases. The procedure is based on a citizens’ forum with information stands, where most participants are selected at random from the civil registry, but anyone interested can still participate. In the first version of the model the focus is on services delivered by public providers (e.g., libraries, public swimming pools, kindergartens and street cleaning). Public services are presented by municipal employees at information stands. Anyone can ask questions as well as record his/her suggestion on special forms. The second version aims at generating proposals to rebalance the budget (staff cuts, reduced public expenditure, tax increases). Participants have to come up with their own suggestions combining various possibilities. Views could be gathered via questionnaires and quantified. The local council announces its decisions after internal deliberation. Similarly to the proximity-participation model, the LG is the initiator of the process procedure and supervisor of its outcomes.

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<sup>13</sup> In Seville two types of social justice criteria are used: objective and subjective. The objective criterion gives points to the proposals based on the statistical data on the population affected, the socio-economic situation of the area etc. The subjective criterion, on the other hand, focuses on the ability of proposals to foster tolerance, social justice, multiculturalism, gender equality etc. The delegates, therefore, have to argue and convince each other, how many points to give to each proposal (Talpin 2007, 10).

2.2.3. *Beyond Selective Listening: Community-Participatory Budgeting and Multi-Stakeholder Participation*

Both models include funds for investments and projects in the social, cultural and environmental sectors. The participants in both procedures constitute organised groups who are invited to propose projects. Another peculiarity of these models lies in the fact that only part of the money under discussion comes from the LG; that is, money can also be given by international organisations, NGOs, private companies or from the national government. Hence, the municipal council is not the sole decision-maker: a board, a committee or an assembly of representatives from NGOs, the private sector and local authorities jointly decide on the acceptance of proposals. Therefore, the level of empowerment here can be labelled “co-governing partnership”; i.e., joint decision-making of the citizenry and the representatives of private, governmental and non-profit sectors.

Table 2: **European PB models**

	<b>Porto Alegre adapted for Europe</b>	<b>Proximity participation</b>	<b>Consultation on public finance</b>	<b>Community participatory budgeting</b>	<b>Multi-stakeholder participation</b>
<b>Decision-making body</b>	Council composed of citizens' elected delegates	local administration	local administration	a committee composed of representatives of LG, NGOs, state organisations	a committee composed of representatives of LG, NGOs, state organisations, private sector
<b>Participation</b>	Participants' selection methods				
	Self-selection;	Self-selection;	Random selection;	Targeted selection;	Targeted selection;
	Scope of participation				
	single active citizens	single active citizens	“ordinary” citizens	organised citizens	organised citizens together with private enterprise
	Participation mechanisms				
	Open meetings at neighbourhood level, delegates at town level	Open meetings at neighbourhood and town level	Open meetings or citizens' forums at town level	Different kinds of meetings at neighbourhood level, delegates at town level	Closed meetings at town level
<b>Deliberation</b>	Focus of discussion				
	public investments	micro-local public investments or broad guidelines of town policy	overall budget or offer of services	concrete community projects	concrete projects financed by public/private partnerships
	Modes of communication				
	Develop preferences	Listen as spectators, express preferences	Listen as spectators, express preferences	Express, develop preferences	Express, develop preferences
	Formality of the process				
Projects ranked according to criteria of distributive justice, formalised rules	No ranking of investments or actions, informal rules	No ranking of services, possible ranking of priorities, rather informal rules	Projects ranked, formal rules	Projects ranked, formal rules	
<b>Empowerment</b>	Decision-making power	Consultation	Consultation	Co-governing partnership	Co-governing partnership
<b>Control and monitoring</b>	Council composed of citizens' elected delegates	local administration	local administration	local administration + donors	local administration + donors

Source: Sintomer et al. (2010b); Herzberg (2011); Fung (2006). Modified by the authors

In the community participatory budgeting – in contrast to the multi-stakeholder model – business is excluded: funding is provided by a national or international programme. Even though the committee is screening the proposals (ensuring that they meet the rules of the process), the final decision on which project receives funding is taken by the residents via voting. Usually the applicants are given the mandate to implement the projects themselves; however, the local authorities still monitor the delivery and spending.

Given the financial participation of the private sector in the multi-stakeholder model it can be assumed that private sponsors might influence the outcome of the process. This type of participation can be considered PB only in case the larger part of financial resources comes from the local municipality. Furthermore, participation has to take the form of forum rather than commission meeting.

### 3. Environmental Variables Influencing PB

As has already been mentioned, PB is a case-sensitive social experiment, and hence it seems obvious that each model is likely to fit better to certain contexts than to others. We will now look at different “environmental” or contextual variables that are likely to influence the applicability of the various PB models.

We divide the variables that influence the PB process and hence the choice of PB model into two main categories: country-level and local-level. The country-level variables include the degree of financial autonomy and political culture. These are the factors that influence which of the PB models could fit the LGs in any particular country as a whole. Next, since PB is primarily practiced on a local level, the second category of the environmental variables concerns certain characteristics of a local municipality, namely size, diversity and prosperity. As we will then show in section 4 that the different PB models are likely to fit better with certain configurations of these variables than others.

#### 3.1. Financial Autonomy

Given that PB prescribes public participation in the allocation of financial resources at the municipal level, it probably goes without saying that the local municipality willing to implement PB has to have at least some financial autonomy. First, in order to make any form of PB conceivable, the LGs in the country need to have some degree of *expenditure* autonomy, in that they have some discretion to allocate their financial resources freely (i.e. independently from the central government). Second, besides expenditure autonomy, the LGs that want to implement PB should, ideally, also have some degree of revenue autonomy, since that would increase the amount of funds available for discretionary spending.

#### 3.2. Political Culture

The implementation of PB presumes certain political attitudes – both by citizens and political elites. For PB to work, the citizenry in general has to be ready and willing to participate and the municipal decision-makers have to have the political will to

involve the public. Indeed, since political actors might feel threatened by the citizens’ direct participation in local governance as they essentially lose – at least some – decision-making space (Cabannes 2004; Wampler 2007), the existence of the support among local councillors and administration is essential. All this is definitely an integral part of the political culture, which constitutes the second country-level variable we look at.

More specifically, the term political culture refers to the orientations and attitudes towards the political systems as well as the attitudes towards the role of the self in the system (Almond and Verba 1966, 13). Putting it more simply, it is “what people believe and feel about government, and how they think people should act towards it” (Elazar 1994 in Ishiyama 2012, 94). The paper at hand will combine two most prominent classifications of political cultures: one elaborated by Almond and Verba (1966) and the other by Elazar (1972). Both threefold typologies complement each other by emphasising different components of the term “political culture” – while Almond and Verba underline “culture”, Elazar focuses on the “political”. Almond and Verba adopt a more individualistic approach, by focusing on individual psychological orientations and attitudes towards the political system<sup>14</sup> (including the role of the self as participant in the political system), whereas Elazar employs a broader perspective describing the general conduct of politics. In a nutshell, three types of political cultures can be distinguished: moralistic, individualistic and traditionalistic (see Table 3).

Table 3: Types of Political Cultures

Political culture/ key elements	Perception of politics/vision of government	Individualism/ Collectivism	Participation
<b>Moralistic/ participant</b>	politics as moral duty of every citizen; government as a positive force for commonwealth	individualism is not submerged, but collectivism is also valued	High
<b>Individualistic/ subject</b>	politics as “business”; government as a “watchman” for market; cynicism	individualism emphasised	Low
<b>Traditionalistic/ parochial</b>	politics as moral duty of elite; government has positive but limited role;	collectivism emphasised	Average

Source: Elazar (1972); Almond and Verba (1966). Composed by the authors

*Moralistic/participant* political culture embraces the notion that politics is “one of the great activities of man in his search for the good society” (Elazar 1972, 96) and it is also considered to be a matter of concern for every citizen; hence, citizens are usually active and the level of participation in public affairs is high. Next, in the

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<sup>14</sup> Almond and Verba (1966, 14) argue that by the concept of culture they mean “psychological orientations toward social objects”.

*individualistic/subject* political culture politics is seen as “business”; thus, it is perceived as a means for people to improve themselves socially and economically. Government is instituted for utilitarian reasons, with emphasis on encouraging private initiatives rather than guaranteeing “good society” (ibid., 94). There is a prevailing cynicism about government, and hence participation in politics is relatively low. Finally, *traditionalistic/parochial* political culture can be characterised by “the ambivalent attitude towards the market coupled with a paternalistic and elitist conception of the commonwealth” (ibid., 99). Social and family ties are considered to be very important. Government has a positive role, which is, however, limited to the maintenance of the existing social order (Elazar 1972, 94-99; Almond and Verba 1966, 17-19).

While moralistic and traditionalistic political cultures seem to provide more fertile grounds for PB implementation, it is probably complicated to establish more genuine forms of participatory procedure in the individualistic culture due to the low level of participation and the prevailing “utilitarian” attitudes towards politics and government. Furthermore, as already noted above, strong political will is a decisive component of PB success. If politics is perceived as a means for making a good career, then citizens’ participation in the decision-making would not be something to strive for. In individualistic political cultures, the transaction costs associated with citizens’ participation (e.g. increased staff time and communication) (DeNardis 2011) are likely to diminish the enthusiasm of political elites towards PB.

In reality, the political culture is usually a mix of the above-mentioned types, and hence, it can be said that the prevalence of either moralistic or traditionalistic types of political culture (even if mixed with individualistic one) can be regarded as a factor conducive to the success of PB implementation.

In sum, the political culture can influence the readiness of local authorities to empower citizens, which, in turn, influences which type of PB decision-making processes (consultation, co-governance or transferring de-facto decision-making power) are feasible in a country. In addition, how active citizens are can shape the scope of participation (the groups of citizens that can be involved), their mode of communication and participation mechanism to be used in PB.

### 3.3. Characteristics of Local Governments: Size, Heterogeneity and Prosperity

In addition to the country-level variables, there are a number of local-level variables that can influence the applicability of the different PB models in a specific context. In this paper, we focus on the most obvious and intuitive ones: size, heterogeneity (or diversity) and prosperity of the LG.

First, the size of the population can be expected to affect the “participation” element in PB process design, especially the form and scope of participation but also the method for selecting participants. Large cities may opt for a multi-layered form of participation with citizens’ delegates involved in the process. The other variant for a large city would be a targeted selection of organised citizens’ representatives (this, however, also depends on the political culture of the country). Smaller cities might choose to engage in participation via self-selection and open meetings at the town level. Moreover, the size of the population might also influence the formality of the

process and mode of decision-making. In smaller cities, for instance, consensus-based and informal processes might be more feasible.

Heterogeneity (or diversity) of the population in a given LG is a variable that cannot be ignored in today's plural societies, which can be divided along religious, linguistic, ethnic or racial lines.<sup>15</sup> Presumably, the heterogeneity of the population in a municipality can have an impact on both participation and deliberation variables in the PB process design. For instance, in heterogeneous cities political conflict might emerge because of different group demands, which might, in turn, lead to the formalisation of the participation process (Ebdon and Franklin 2006). The participants' selection methods may also have to be adjusted according to the make-up of the population so that representativeness would be guaranteed.

Finally, the level of prosperity of the LG (as indicated by its per-capita revenues, for example) is likely to influence the feasibility of different PB models. It is worth noting, however, that PB can be implemented even with a rather limited amount of money. The practices here vary from 1% to 10% of the overall implemented budget (Cabannes 2004, 34). Moreover, prosperity might influence the focus of deliberation, which can range from concrete projects to broad city policy guidelines. A financially strapped municipality (Wampler 2007) is more likely to involve citizens in discussion on general policy priorities rather than in the selection of new public works. Even though it is primarily the municipality's finances that have to be involved in PB (according to the definition of PB), then as the models showed, the public funds may also be combined with private and (non)governmental recourses in order to provide adequate funding for PB implementation. This, in turn, would influence most explicitly the decision-making and control bodies of PB initiative.

Obviously, these three variables do not constitute a comprehensive list of factors that influence the choice of a (suitable) PB model. The analysis provided here, however, allows a preliminary investigation of the links between environmental variables and the various PB models, undertaken in the next section.

## **4. Matching Models with the Environment – What is the Fit?**

### **4.1. Accepting the Delegation of Authority: Porto Alegre Adapted for Europe**

The model "Porto Alegre adapted for Europe" requires a high degree of financial autonomy because of the transfer of significant decision-making powers to the citizens, manifested in the composition of decision-making and monitoring bodies, which both consist of citizens' representatives. Delegating power to the citizenry to such an extent would only be possible if the local municipality has to be able to decide on its own its expenditure areas without being overly constrained by the higher authority. In addition, because of the high level of empowerment entailed in this model, it can be argued that it would fit the best with moralistic or traditionalistic political culture. Given that in this model the proposals for the PB final list are

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<sup>15</sup> According to Lijphart (1991, 67) the most common line of differentiation between the subsocieties in a plural society is ethnicity. He specifies that ethnic differences include cultural as well as linguistic differences.

being elaborated at the neighbourhood level by the single active citizens who voluntarily join together to develop their projects, it implies a high level of activity of the civil society. Further, there has to be a strong will of the governing political elite to share power. It would hence probably fit the best to LGs with “a reformist tinge” (Wampler 2007) where i.e. the political leadership is composed of people willing to experiment with new institutional formats and accept the delegation of their authority. The two-layered character of the participation mechanism with direct participation at the neighbourhood level and participation through delegates at the town level implies that the model is likely to be utilised in large cities, where the election of representatives is inescapable. Furthermore, the formalised procedure with clear “rules of the game” also suits municipalities with large population, where the degree of diversity is relatively high. Heterogeneous population creates the need for formalisation because of varying group demands (Ebdon and Franklin 2006). Moreover, the model usually presupposes the existence of social criteria that ensures the just distribution of resources e.g. between richer and poorer neighbourhoods, which again fits with large municipalities. As the focus of deliberation constitutes concrete investments and project ideas generated by the citizens, the model would match a rather prosperous city that can afford implementation of the projects proposed by its citizenry. It might be complicated for a city to encourage people to get so extensively involved in “managing scarcity”.

#### 4.2. Setting up Counter-Veiling Strategies: Proximity Participation

The term “proximity” in the context of this model is indicative. In contrast to “participatory democracy”, the concept of “proximity politics” lacks the recognition of the role of participants as joint decision-makers (Allegretti and Herzberg 2004). Hence, the powers to decide about the rules and to monitor the PB process as well as its realisation belong entirely to the LG. This implies that the model could be applied in a municipality with an average degree of financial autonomy, whereby the local authorities would consult the residents, but place concrete limits on the choice of spending options. Given that the local representatives can (un)intentionally frame the discussion in such a way that outcomes would fit their preferences, the model would work best where the participants are active in making proposals and are able to set up “counter-veiling strategies”;<sup>16</sup> i.e. to use tricks and small windows of opportunities to counter-balance the dominant position of government officials in the participatory process.

In view of the above it would be fair to say that the model has the potential to work in moralistic and traditionalistic cultures only in case the citizenry is active and ready to use “counter-veiling strategies”. Otherwise, it could be applied in an individualistic political culture where participation might have merely a symbolic value for the political elite trying to stay in power. Due to the informality in procedure and the use of consensus as a usual decision-making mode, the proximity-

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<sup>16</sup> The term “countervailing power” was coined by political scientists Archon Fung and Erik Olin Wright to imply a variety of mechanisms that reduce, and perhaps even neutralise, the power-advantages of ordinarily powerful actors (Fung 2003, 260).

participation model tends to fit rather small, homogeneous towns. Furthermore, because discussion is centred on either micro-local public investments or broad guidelines of town policy the model would presumably suit a municipality with average or small revenues. The strength of this model is the close communication between local authorities and the residents, which might motivate people to discuss their everyday problems more openly and feel closer to those in power. However, “the selective listening” manner that this model is working in, might also constitute a real threat to the legitimacy of the whole PB process that might eventually fail to preserve its sustainability.

#### **4.3. Increasing Transparency: Consultation on Public Finance**

Consultation on the public-finance model has mainly derived from the New Public Management ideology that sees participation as a part of the aim to increase transparency in government (Sintomer et al. 2010). The main goal of the open meetings is either to get feedback on the existing public services or to find solutions to financial problems. Such a focus of discussion (overall budget or specific public services) means that this model would also be suitable to an LG with average revenue levels and to one that probably cannot afford the implementation of the new proposals made by its residents. Furthermore, it can also fit to an LG with an average level of expenditure autonomy, which means that the LG has limited discretion on what services to provide; in such a situation the local authorities can ask for the feedback about the services that already exist and are mandatory. Because random selection to citizens’ forums is used as participants’ selection method, this model could be applicable in cities with different population sizes. The main concern would be to make the forum representative of the city, which might become a rather complicated task. Furthermore, the model would suit heterogeneous cities in case the random selection ensures representativeness. Since this model is not underpinned by the social movements, it is also likely to fit to individualistic political culture.

#### **4.4. “Participatory Grant-making”: Community Participatory Budgeting**

This model is largely based on funds originating from state, non-governmental or international organisations, and the procedure is being controlled as well as elaborated by the representatives of these institutions. That is why it can be labelled “participatory grant-making” rather than participatory budgeting (Blakey 2007). This model can, in principle, fit LGs with different degrees of financial autonomy and the procedure mostly depends on the spending rules of the funds provided for PB; i.e., how strictly the donors determine the spending priorities of their money will affect the discretionary space of a municipality. In general, however, as part of the money still has to come from the LG, the degree of expenditure autonomy would have to range from average to high. In other words, the municipality has to have discretion regarding *how* to provide mandatory public services and goods; furthermore, it might also need to have the authority to provide optional services. The reason for that is the focus of discussion: concrete community projects generated by

the citizens. Furthermore, the level of prosperity in this model can vary, but considering the cooperation opportunities with other sectors, it could range from low to average. Because the model is directed mostly at organised citizens it requires a rather developed and active third sector. On the other hand, the type of empowerment in this model – “cogoverning partnership” – reflects the *sharing* of power with the residents but not the *transfer* of it. Therefore, the model would fit with a combination of active citizenship and cautious power-sharing intentions from the governing side. This is likely to be present in the combination of individualistic and moralistic types of political cultures, which might form conducive bases for the successful implementation of this PB model. Next, as already noted before, only organised citizens participate in the elaboration and further implementation of the community projects (while individual active citizens are involved in the decision-making stage of voting on the developed projects). Consequently, the model would suit large cities due to the fact that the infrastructure as well as the capacity of the civil-society organisations (CSOs) is usually better in larger cities than in smaller towns or villages. As the rules are rather formal and the proposals are scrutinised according to the criteria set by the officials and donors, the model could fit heterogeneous towns.

#### 4.5. Participatory PPP: Multi-Stakeholder Participation

In the context of PB, the motives for LG to become involved in public-private partnerships (PPP)<sup>17</sup> could be either to attract private finance or to share power. While the former enables the LG to pursue projects which it might have not been able to afford on its own, the latter implies that partnerships are usually seen as promoting cooperative, less authoritarian, “horizontal” relationships (Pollitt 2003). Therefore, the model of multi-stakeholder participation is likely to fit a municipality with poor or average revenues. Analogously to the previous model (described in section 4.4) and for the same reasons, it assumes an average-to-high degree of financial autonomy. Regarding the political culture, this model would imply the existence of market-friendly attitudes among the political elite, as the main distinction of this model is the involvement of private interests into the procedure. Participation of single active citizens is not foreseen in this model, since it has mostly closed meetings as a participation mechanism. Therefore, the model would match best with individualistic political culture where participation might be seen to have a symbolic value rather than implying an actual transfer of decision-making power. This model could be feasible in large cities with a developed network of private companies and CSOs. It would also fit heterogeneous towns due to the formality in process.

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<sup>17</sup> The interconnection between the popular strand of PPP and PB requires more detailed investigation which is, however, outside the scope of this paper.

Table 4: **Which Model for Which Environment?**

	Adaptation of Porto Alegre	Proximity participation	Consultation on public finance	Community participatory budgeting	Multi-stakeholder participation
Financial autonomy (low/average/high degree)	high	average	Average	average-high	average-high
Political culture (individualistic/moralistic/traditionalistic)	moralistic/traditionalistic	individualistic	individualistic	moralistic-individualistic	individualistic
Size (large/small)	large	small	Variable	large	large
Diversity (heterogeneous/homogeneous)	heterogeneous	homogeneous	heterogeneous	heterogeneous	heterogeneous
Prosperity (low/average/high level)	high	low-average	Average	low-average	low-average

## 5. Challenges and Opportunities for New Democracies in Implementing PB

Very different types and levels of citizens' engagement in CEE countries are called PB. In general, participatory devices in the region are directed towards organised interests (e.g. CSOs, NGOs). The ones that involve individual citizens are mostly information-sharing or consultation-oriented instruments by their nature. With very few exceptions, international organisations are the initiators of participatory mechanisms (Fölscher 2007).<sup>18</sup>

In analysing the applicability of PB models in CEE countries, one obviously cannot ignore the legacies of both the Communist era and of the transition period of the early 1990s. These two legacies – of the democratic centralism of the Communist period and the romantic localism of the early transition period (see, e.g., Illner 1998) – place the LGs in the region in the middle of countervailing forces when it comes to implementing participatory mechanisms like PB. On the one hand, one may argue that the legacy of “democratic centralism”, characteristic to the Communist era<sup>19</sup>,

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<sup>18</sup> Sintomer et al. (2010b) point out Poland as one of the CEE countries having experienced a PB process. In short, PB was implemented in the city of Plock in the framework of a UNDP programme and involved local municipality, two private companies and representatives of NGOs. The fund was provided by the first three partners, and the applications for projects were submitted by local NGOs. A committee comprising local citizens, experts and representatives of the official project partners made the decisions.

<sup>19</sup> In the centrally planned economies, all goods and services were provided under the direction of central government and its ministries. The policy decisions pertaining to revenues and expenditures were hence made at the central level, and the role of LGs was to implement the “central plan and will” at the local level. (Bryson and Cornia 2004, 266). Under such a system, “any authentic self-government was excluded”; LG budgets constituted parts in the central state budget, and the bulk of LG revenues came in the form of central government grants (Illner 1998).

implies that the LGs in the CEE region have had to struggle to overcome the inherited weaknesses of local-level decision-making structures (see, e.g. Yoder 2003; Fölscher 2007). Thus, such a “centralist” heritage and the centralising tendencies that carried over into the post-communist era are likely to act as an obstacle to implementing PB.<sup>20</sup> On the other hand, as Campbell and Coulson (2006, 543) argue, one of the first commitments of the post-communist regimes was to re-establish genuine LGs, because “there was a strong belief in local (self-)government as an antidote to the centralised state, and an institution through which people could gain control over their own lives, and regenerate and revitalise their communities”. In other words, establishing strong LGs was carried by the motive to break the power monopoly that had emerged during the Soviet times (Regulska 2009; Baldersheim 2003). Thus, the remnants of such a “romantic localism” from the early transition period are likely to increase the appeal of PB mechanisms both to the decision-makers and the local communities themselves. Furthermore, one could also argue here that PB practices may also play a role in fostering genuine decentralisation and hence provide countervailing mechanisms to the still-present lures of re-centralisation in the region (see, e.g. Regulska 2009; Yoder 2003). Given the somewhat “similar” historical legacies (of authoritarianism and non-democratic governments, with some elements of clientelist relations on the local level)<sup>21</sup> in the new democracies in CEE and the countries in South America, which have pioneered the application of PB, one can argue that the “lessons learnt” with PB in Brazil, Peru, Argentina, etc. could be particularly useful for the CEE countries.

Illner (1998) and Swianiewicz (2010), among others, have pointed out that the territorial structure of the LGs in the CEE region is highly fragmented, and many LGs tend to be rather small (see Table 5). As Swianiewicz (2010, 183) notes, this has often been “a reaction to an earlier consolidation imposed by the respective communist governments in an undemocratic manner, without public consultation”. The fragmentation of LGs can have two-fold implications for implementing PB models in the region. On the one hand, the small size of LGs could be conducive for introducing PB and it would allow the use of PB variants with more direct elements of participation (like involving all inhabitants of the jurisdiction in PB). One may wonder, here, of course, whether in the context of very small jurisdictions, where the LG decision-makers and the inhabitants are in constant interaction and there are strong links between voters and representatives anyway, there would even be a need for some more “institutionalised” form of PB. Thus, before proposing specific models of PB for such small jurisdictions, it would be worth analysing the existing flow of information, the level of trust and accountability in such contexts and whether formal PB mechanisms can necessarily add anything useful to them. On the other hand, the smallness of the LG units often implies limited financial resources, which may make more large-scale implementation of PB more complicated, since there simply is “no money to go around”.

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<sup>20</sup> For a discussion of post-communist budgeting at the central level, see Raudla (2010b,c).

<sup>21</sup> As Illner (1998) points out, in CEE countries, the “centralist command system” often degenerated into “a client-based structure” of networking and negotiation; for example, “contributions to municipal and regional infrastructure and services were usually negotiated informally.”

Table 5: Size, Fiscal Decentralisation and Ethnic Diversity of Local Governments in CEE Countries in 2000-2001.

	Number of lowest-tier local governments (in 2001)	Average population of local government unit in 2001	Subnational share of general government expenditure (%)	Number of ethnic groups in 2001
<b>Bulgaria</b>	255	33,000	22	7
<b>Czech Republic</b>	6292	1700	23	7
<b>Estonia</b>	247	6000	16	6
<b>Hungary</b>	3177	3200	25.9	6
<b>Latvia</b>	541	2219	21.9	6
<b>Lithuania</b>	56	66,000	19.3	5
<b>Poland</b>	2483	16,000	35	4
<b>Romania</b>	2948	7632	17.9	9

Source: Dabla-Norris 2006, Rodriguez-Pose and Kroijer 2009

An important challenge to implementing the more comprehensive forms of PB (like the Porto Alegre model) in CEE countries is the relatively limited financial autonomy of LGs in the region (see, e.g. Yilmaz et al. 2010; Brusis 2002; Shah 2004; Dabla-Norris 2006; Rodriguez-Pose and Kroijer 2009; Davey and Peteri 2006; Fölscher 2007),<sup>22</sup> though there may be space for PB models that would also fit contexts with an average-to-low level of financial autonomy (like proximity participation and consultation on public finances). Although by indicators measuring fiscal decentralisation, the new member states (NMS) of the EU are doing better than the rest of the region and have undertaken extensive fiscal decentralisation reforms since the beginning of the 1990s, there are still a number of problems. An important measure of fiscal decentralisation is the degree to which LGs have access to autonomous sources of tax revenue. Ebel and Yilmaz (2002, 10) concluded that governments in CEE countries have “very little control over their revenues”. In particular, the proportion of “own” taxes in LG revenues in the CEE region remains relatively low (see Table 6). As Dabla-Norris (2006) points out, in the CEE countries LGs make only limited use of property taxes (which, in the developed countries are often seen as an important revenue source for LGs). The total own revenues as a share of sub-national revenues does show significant variation though. In the Czech Republic, Hungary, Poland and Romania the share of “own” revenue of LGs (i.e., what the LGs collect themselves and have policy control over) is in the range of 33-40%, whereas in the Baltic countries, a “very small share of sub-national revenue is controlled by sub-national governments, which depend almost entirely on transfers from the central government” (Dabla-Norris 2006, 119; see also

<sup>22</sup> For a comparison of the fiscal decentralisation in CEE countries with developed countries, see, for example, Ebel and Yilmaz (2002).

Davey and Peteri 2006; Ebel and Yilmaz 2002).<sup>23</sup> Dabla-Norris (2006, 117) also notes that in some of the transition countries, effective *expenditure* autonomy is limited (e.g. very clearly so in Bulgaria), whereas the situation is better in Hungary, Poland, Estonia, Latvia and the Czech Republic. In general, though, the funds of the LGs in the region have been squeezed, resulting from a combination of factors, including fiscal stress throughout the transition period and beyond, the capture of the tax base by the central governments (leaving the LGs with only limited leeway to pursue their own revenue-raising policies), and unfunded mandates from the central government<sup>24</sup> (see, e.g., Bryson and Cornia 2004). One of the reasons for such muted development of local tax systems was (and is) a large disparity between the tax bases of the different LGs (and hence their tax raising potential), which is why most LGs prefer to rely on intergovernmental transfers for the bulk of their revenues rather than engage in local tax-raising efforts (Davey and Peteri 2006, 589). Davey and Peteri (2006, 591) hence argue that

Local taxing power has few friends in CEE. Ministries of Finance are reluctant to curtail their monopoly of power over fiscal policy. Local authority associations rarely if ever seek taxing power for their members; their demands focus on increasing shares of nationally determined revenues, an approach which has lower political costs.

Also, when the financing of local-level capital infrastructure is strongly dependent on the funding and priorities of the central government (as it is in the Czech Republic, for example; see Bryson and Cornia 2004), the chances for a meaningful utilisation of PB are likely to be curtailed. As Davey and Peteri (2006, 597) note, in financing investments, remnants of “negotiation” culture from the soviet time can still be observed in CEE countries and “allegations of partiality have not been eradicated from investment funding”. One may argue here, of course, that implementing a PB model like community participatory budgeting in such contexts may in fact enhance the transparency of “grant-making” and force the authorities to make decisions on the basis of more clearly articulated criteria.

Although the limited financial autonomy of the CEE LGs may act as an impediment to meaningful implementation of any of the PB models, one may also argue that PB practices may lead to an increase of the budgetary leeway of the LGs, if they enable the LGs to engage in more extensive local revenue-raising efforts than before. Cabannes (2004) notes that in those cities that have implemented PB, tax revenues have increased, owing to higher tax compliance of the citizens. Furthermore, if the PB participants become more aware of the trade-offs involved in local expenditures and revenues, they may be more willing to accept the enactment of higher LG taxes. Given the temptation of the central governments in the region to deal with fiscal

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<sup>23</sup> In Lithuania, for example, 91% of subnational governments’ revenues come from shared taxes (i.e. the government decides on the tax base and rate and establishes the revenue-split) and the sub-national governments have control over only around 4.8% of their revenues (Ebel and Yilmaz 2002). In Slovakia, in contrast, own-source revenues constitute around 60% of subnational governments’ revenues.

<sup>24</sup> As Bryson and Cornia (2004, 276) put it, the “natural response from the central government” to fiscal stress “has been to reduce revenue going to municipalities while assigning additional service provision responsibilities to LGs”.

stress by reducing financial transfers to sub-national governments (or increasing unfunded mandates), LGs are likely to face increasing public pressure. Involving the public more directly in making the difficult tradeoffs may be a way for the LGs to deal with the dilemmas of cutback management (Franklin et al. 2009).

Table 6. Revenue Structure of Local Governments in CEE Countries, 1999.

	Own taxes <sup>25</sup>	Tax-sharing <sup>26</sup>	Non-tax revenue <sup>27</sup>	General purpose grants	Specific purpose grants <sup>28</sup>	Total
<b>Bulgaria</b>	0	47.2	13.4	32.4	7.1	100
<b>Czech Republic</b>	3.9	43.8	36.3	0	16.0	100
<b>Estonia</b>	6.3	62.1	9.1	13.4	9.1	100
<b>Hungary</b>	16.3	16.8	17.0	1.7	48.2	100
<b>Latvia</b>	0	66.2	14.1	5.8	13.9	100
<b>Lithuania</b>	0	91.0	4.8	2.3	1.9	100
<b>Poland</b>	10.6	14.4	24.6	30.5	19.9	100
<b>Slovak Republic</b>	22.8	39.6	19.3	0	18.4	100
<b>Slovenia</b>	10.6	49.3	17.5	15.9	6.6	100

Source: Ebel and Yilmaz (2002)

Probably the strongest impediment to the adoption of PB practices in the new democracies in the CEE region is the prevailing political culture and the weakness of civil society (see, e.g. Regulaska 2009; Fölscher 2007). One the part of the “general public”, there is popular distrust of political institutions and formal procedures and an unwillingness of citizens to become actively involved in public matters (Illner 1998; Fölscher 2007). On the other side of the table, the politicians and public officials, if prone to paternalism, may be reluctant to utilise PB in any genuine way. Hogue and McFerren (2002, 55) note that the participation of citizens in budgeting in CEE countries is limited because of the apathy of the inhabitants and the incomprehensibility of the budget to them. Further, they note that the decision-makers are “still struggling with the idea of what real role the average citizen should have”. In their study on LG budgeting in Poland, Filas et al. (2002) note that

[M]ost Polish local government officials remain wary of public involvement and think that, in general, it causes more problems than it solves. ...

<sup>25</sup> In the case of “own taxes”, LGs control tax rate and/or tax base.

<sup>26</sup> In the case of these revenues, the central government decides on the tax base and rate and establishes the revenue-split.

<sup>27</sup> Revenue from business operations, fees, fines and duties.

<sup>28</sup> Grants that are earmarked for specific purposes.

[C]itizens generally think their public involvement ends at the ballot box and have, in general, shown little interest in the way their elected officials spend public funds.

When discussing which PB model would fit which country, the following conjectures could be taken as starting points. Poland, Bulgaria, Latvia<sup>29</sup> and Lithuania, having rather big municipalities as well as individualistic culture, could presumably try to apply the multi-stakeholder participation model, which is already the case in Poland. As this model involved additional financial resources (e.g. international or private finances) it could be applicable in Bulgaria and Lithuania, where local financial autonomy is very low (as indicated by the absence of local taxes). The Czech Republic and Hungary, having LGs of a very small size, could opt for proximity participation. The same is applicable to Estonia and Romania with slightly bigger municipalities that, however, are still small enough for setting up multi-level structures of the PB process. Hungary, however, where local taxes make up 16.3% of the revenues could afford a mixed model with some features of the Porto Alegre model, which gives a high level of empowerment to citizens. Also, consultation on the public-finance model could probably fit all CEE countries. One has to stress, however, that due to the fact that all environmental variables vary significantly inside every country, multiple models can be found to be suitable in any one state. As mentioned earlier, the real challenge in analysing PB is the “uniqueness of each experience”.

The implementation of the Porto Alegre model in most CEE countries could be especially challenging, because this model implies politically active citizenry and politicians willing to cede significant decision-making powers. In light of the relative weakness of the civil society, proximity participation and consultation on public finances could be more feasible models to start with experimenting with PB in the region (especially since these models also involve local officials, making it less “threatening” to the elected officials and administration). However, one could also argue that because of the observed weakness of the civil society in the CEE region, PB could be viewed as a clear and specific instrument for *developing* the civil society. Budgetary decisions would constitute clear and specific focal points for discussion and hence offer clearly delineated opportunities for the civil-society organisations to voice their opinions on the local level. Also, PB could become the *vehicle* through which the LG leaders practice participatory mechanisms. Similarly, for the citizen, PB venues may be useful “citizenship schools” for practising more active voice and choice on local level issues, as it has been in Latin America (see Wampler 2000; Willmore 2005). Indeed, as Cabannes (2004) notes, PB has clearly stimulated the formation of social capital in the cities of South America.<sup>30</sup> Thus, experimenting with variants of the Porto Alegre model could be particularly conducive for stimulating the development of civil society in CEE countries.

Because of the ethnic diversity characteristic to most of the 8 NMS, attention

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<sup>29</sup> In 2009 Latvia went through an administrative reform which reduced the number of LGs to 110 municipalities and 9 cities (Committee of the Regions 2013)

<sup>30</sup> As De Sousa Santos (1998, 482) puts it, “It is today generally recognized that the PB changed the political culture of community organizations, from a culture of protest and confrontation to a culture of conflict and negotiation”.

should be paid to how to utilise PB in order to encourage more direct involvement of the ethnic minorities in budgetary decision making. Dowley (2006, 568) has argued that the decentralisation efforts in some of the CEE countries (like the Baltics and Slovakia) have been, at least to some extent, weakened by the “nation-building aspirations of most of the national parties”. Thus, the implementation of PB can potentially help to counteract such centripetal tendencies.<sup>31</sup>

When choosing PB models that would suit the CEE contexts, it would also be useful to discuss the implications of different political and electoral systems for the PB efforts. Especially when drawing lessons from the South American experiences for CEE, one needs to keep in mind that the Porto Alegre models (and its variants) emerged from a political setting where the “executive” branch and “legislative” branch are separated (and where the mayor and the councillors are elected directly, rather than having the city council elect the mayor) (Cabannes 2004). In small LGs in CEE, where the “legislative” branch and “executive” branch are closely connected, the Porto Alegre model may be difficult to “sell”, because it would appear like an attempt to set up an alternative “city council”. Thus, the models like proximity participation and consultation on public finances may be more feasible in the CEE context.

Based on experiences in Latin America, the advocates of PB in the CEE region should be particularly aware of the limitations and even abuses of PB. In particular, if citizens have limited experiences in active participation, there are the dangers that PB exercises turn into acts of rubberstamping the already made decisions of the government, and the elected officials may use the PB to advance their own agenda and reward their “clientele” (Wampler 2000; Willmore 2005). If participatory processes become excessively politicised, this may lead to “deficient and non-meaningful participation” (Cooke and Kothari 2001; Rodgers 2007). In particular, in choosing a PB model, particular care should be taken not to disadvantage the participation of civil-society organisations at the expense of businesses and other powerful local-level actors.<sup>32</sup> Drawing on Baiocchi (2001), one can suspect that inequality in the PB process would constitute one of the biggest threats to genuine deliberations on the budget. The advantaged groups would likely be tempted to utilise their superior resources in order to promote budgetary decisions that work disproportionately to their benefit (Rodgers 2010). These tendencies have to be kept in mind especially when the LGs in CEE countries decide to experiment with the participatory grant-making and multi-stakeholder participation models of PB.

Given the diversity of the contexts, it would probably be counterproductive to provide any uniform one-size-fits-all solutions to the LGs in the CEE region. When it comes to PB, a more polycentric system, advocated by Ostrom (2005), is likely to encourage experimentation and innovation.<sup>33</sup> What the central government and the civil society may try to do is to make the LG aware of the different options in the

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<sup>31</sup> Dallyn (2008) finds that the PB pilot projects in Albania managed to mobilise citizens and involve the poorest and most marginalised groups (like the Roma) in budgetary decision-making.

<sup>32</sup> Sootla and Grau (2005, 287) found, for example that in Estonia LGs consider business actors to have larger influence than the LGs themselves.

<sup>33</sup> For an application of Elinor Ostrom’s governing the commons ideas to budgeting, see Raudla (2010a).

“PB menu” and encourage experimentation with these models and mechanisms (as has been done in the UK). It would be counteractive, however, to view PB “as recipe for ‘implanting’ participation and transparency”, as some international agencies and donors have come to see it (Cabannes 2004, 40).

## 6. Summary

The goals of this paper were, first, to examine the existing models of PB and to match the various models to different contexts and, second, to investigate the applicability of PB in new democracies in CEE. In particular, the paper focused on whether PB would be advisable and feasible in the CEE region and which of the PB models proposed by the existing literature (Porto Alegre adapted for Europe, proximity participation, consultation on public finance, community PB and multi-stakeholder participation) would fit the context of CEE countries.

As argued in the paper, variables like political culture and financial autonomy (country-level), size, prosperity and ethnical diversity (local level) are likely to influence the applicability of any particular PB model. The analysis suggested that the Porto Alegre model adapted for Europe could fit with large, heterogeneous and rather prosperous cities with moralistic-traditionalistic political culture and high financial autonomy. The consultation-based models (proximity participation and consultation on public finance) might match individualistic political culture and average financial autonomy. While the proximity-participation model could suit small homogeneous municipalities with the level of prosperity ranging from low to average, consultation on public finances is likely to fit LGs with an average level of revenues but of various sizes and rather diverse in terms of ethnicity. Finally, the models that are based on the participation of organised interests – community PB and multi-stakeholder participation – could be feasible for large, heterogeneous cities of average prosperity and average-to-high financial autonomy. The implementation of community PB would be feasible in a political culture with moralistic elements, whereas the multi-stakeholder participation could be applicable in the individualistic type of political culture.

In light of this theory-building exercise, one can argue that although as a general idea PB could be feasible (and even recommendable) in the CEE context, it is also likely to face a number of challenges. In particular, limited financial autonomy of the local governments and the prevailing political culture (combined with weak civil society) are likely to constitute the main challenges to implementing PB in CEE countries, especially if the implementation of the Porto Alegre model is considered. Given the contextual conditions in CEE countries, it can be conjectured that as a first step, experimenting with models like the consultation on public finances would be more feasible than the more demanding models of PB. At the same time, it can be argued that PB could – at least in principle – be used to encourage the development of participatory culture in the region and to foster genuine decentralisation.

## ACKNOWLEDGEMENTS

Research for this paper was carried out with the financial support of the Mobilitas Grant of the European Social Fund (no. MJD43) and the Estonian target financing grant (no. SF0140094s08).

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**JELIZAVETA KRENJOVA** is a PhD student at the Ragnar Nurkse School of Innovation and Governance at Tallinn University of Technology. Her research interests include local governance, participatory and direct democracy. **RINGA RAUDLA**, Ph.D., is Senior Research Fellow at the Ragnar Nurkse School of Innovation and Governance at Tallinn University of Technology. Her research interests include constitutional political economy, social insurance reform, public procurement, public finance and fiscal sociology. Correspondence: Jelizaveta Krenjova, Ragnar Nurkse School of Innovation and Governance, Tallinn University of Technology, Akadeemia tee 3, Tallinn 12618, Estonia; E-mail: [jelizaveta.krenjova@gmail.com](mailto:jelizaveta.krenjova@gmail.com); [ringa.raudla@ttu.ee](mailto:ringa.raudla@ttu.ee).



## Article II

Kersting, N., J. Gasparikova, A. Iglesias and **J. Krenjova**. 2016. "Local Democratic Renewal by Deliberative Participatory Instruments: Participatory Budgeting in Comparative Study." In Kuhlmann, S. and G. Bouckaert (eds.). *Local Public Sector Reforms in Times of Crisis*. London: Palgrave Macmillan UK, 317-331.



# Local Democratic Renewal by Deliberative Participatory Instruments: Participatory Budgeting in Comparative Study

*Norbert Kersting, Jana Gasparikova, Angel Iglesias,  
and Jelizaveta Krenjova*

## INTRODUCTION

The crisis of local representative democracy can be seen, on the one hand, in growing political apathy, cynicism, and a decline of voter turnout as well as political party membership (invited space) in a number of cities; and, on the other hand, in growing political protest and violent and non-violent demonstrations (invented space) (see Kersting et al. [2009](#), [2013a](#)). Both

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N. Kersting (✉)

Department of Political Science, University of Muenster, Münster, Germany

J. Gasparikova

School of Economic Management and Public Administration, Bratislava, Slovakia

A. Iglesias

University Rey Juan Carlos, Madrid, Spain

J. Krenjova

Ragnar Nurkse School of Innovation and Governance, Tallinn University of  
Technology, Tallinn, Estonia

phenomena are influenced by the financial restrictions and an omnipresent financial crisis at the local, regional, and national levels (see Denters et al., Chap. 19 in this volume). Democratic innovation focusing on local representative democracy and direct-democratic democracy seem to have little effect (see Vetter et al., Chap. 15 in this volume). New forms of talk-centric deliberative democracies are implemented in some cities (Kersting 2008; see “deliberative turn”). Most of these new participatory instruments are implemented at the local level by local administration and in the 2010s Participatory Budgeting (PB) processes became one of the most important instruments (see Sintomer et al. 2008; Diaz 2014).

We focus on three questions, which include an analysis of implementations, actors, and goals as well as results. Who are the driving and promoting actors supporting these instruments? It is hypothesized that local administration and directly elected mayors are key actors, while the councils are more hesitant in implementing these instruments (see Kersting 2008). What kinds of instruments are implemented and for what purposes (goals)? We argue that despite a broad variety in different countries, PB in Europe focuses more on public brainstorming and less on planning, conflict resolution, social capital generation, and pro-poor welfare policies. What is the influence of new information and communication technologies (ICT) on the development of new instruments and local governance strategies (the online component)? We argue that in most PB processes the online component becomes more important, which may reduce the quality of discourse and the possibilities of increasing social capital (see Kersting 1995, 2013a).

Owing to its informal, non-constitutionalized character, local deliberative democracy is facing a lack of comparative research and data. Consequently, other questions such as the level of integration (who is included and who is excluded?), and the impacts on local groups (what are the reactions by citizens, politicians, and administration?) cannot be covered here, and need further comparative research (see also Gabriel and Kersting 2014). Here typical case studies from Spain and Germany as well as Estonia and Slovakia will be analyzed. These countries differ in the local political and administrative culture (Eastern, Central, and Southern European), socialist past (Slovakia, Estonia), size, level of decentralization, and federalism. Some countries were early adopters of the new participatory instruments (Spain) and others are latecomers such as Germany, Slovakia, and Estonia (see Kersting and Vetter 2003; Kersting et al. 2009).

## DELIBERATIVE DEMOCRACY IN THE CONCEPTUAL FRAMEWORK FOR POLITICAL PARTICIPATION

According to Kersting (2013a), political participation can be divided into four different political spheres: participation in representative democracy (elections, voting for representatives), participation in direct democracy (referenda, voting on issues), deliberative participation (talk on issues) and demonstrative participation (demonstrations, symbolic expressive participation). These spheres can have online and offline components. Kersting (2013a) argues that, due to the specific character of online participation, these instruments focus more on demonstrative participation as well on direct democratic participation (votes and likes, for “clicktivism” and “slacktivism”; see Christensen 2011). This direct democratic participation includes crowd sourcing instruments which allow citizens to make suggestions and which allow everybody a vote on these recommendations (such as by e-petitions).

In 1992, after the Rio de Janeiro Conference on Sustainability and Development most countries introduced the Local Agenda 21 process. In the European countries some Local Agenda 21 activities started early and some were latecomers (Germany). In the global South, democratic innovations such as PB processes were already implemented in the late 1980s at the local level, supported by donor agencies such as the World Bank, especially in Latin America (see Sintomer et al. 2008).

There are different definitions of PB which do to a certain extent overstretch the instrument. For the purposes of this study, PB is defined as a process that encompasses participatory methodologies and participatory instruments for information, communication, and decision making in the local, regional, and national budgetary process. According to Sintomer et al. (2008, 2010), PB processes encompass an information phase, a consultation phase, a prioritization/evaluation phase, and an accountability phase. In its original type, local representatives (from the neighborhood or from organized interest groups) and open forums are informed (the information phase), make recommendations (the consultation phase), and discuss and deliberate on new projects. In some cases at the neighborhood level a certain budget is given to the neighborhood to develop these projects. Then these groups prioritize (often using criteria such as poverty) (the prioritization/evaluation phase). These lists of projects are included in the local budget discussion in the city council. Local government has to inform the neighborhood about the status of implementation (the accountability phase).

There is a broad range of talk-centric and vote-centric participatory methods and instruments (open forums, mini-publics, and stakeholder conferences). Certain goals can be identified. The primary goal of PB is to influence directly or indirectly the decision-making processes. Secondary goals can focus on political civic education, community building, conflict resolution, pro-poor policies, and so on. In Latin America in the 1990s these forms of political participation development were sometimes strongly related to pro-poor self-help strategies (see Kersting et al. 2009). In Europe only some countries and cities have followed the Brazilian example in implementing and focusing on open forums. Some had stakeholder conferences that included only organized interests. In Italy most instruments were predominantly organized as mini-publics with a smaller group of randomly selected representatives. Around the world in 2013—depending on the definition and the status—there were around 2000–2700 participatory budget processes (Sintomer et al. 2013). In 2010, Europe had around 200 cases. The leading countries were Spain, Italy, and Portugal. Owing to the financial crisis some of them stopped in the 2010s. These were cases where mostly informal instruments were transferred into formal institutionalized processes; for example, in the province of Tuscany (Italy) or in Poland participatory budgets are prescribed by law as well.

### DELIBERATIVE TURN IN EUROPEAN CITIES: COMPARATIVE STUDIES

In the following, deliberative democracy instruments will be analyzed in different European countries using the criteria for evaluation (goals, main promoting actors, and online component). Other evaluative criteria such as openness, control, transparency, and impact (see Kersting et al. 2008, pp. 45f.; Geißel and Newton 2012) will not be analyzed. The case studies are regarded as typical PB processes in their countries.

#### *Spain*

Since the second half of the 1990s there has been a sustained engagement with democratic innovations in Spain (Iglesias and Barbeito, 2014). In Spain there exists a wide array of participatory practices concerning the whole of Spanish territory. Although systematic studies are still lacking, these include information gathered from citizens' juries and forums,

consensus conferences, and City Strategic Planning agendas, as well as consultations and satisfaction surveys.

The most recent innovative practices and instruments favored by local democratic Spanish governments have been online participation and participatory budgets. PB processes have been in operation in Spain since 2001 and represents a great variation to the participatory instruments that local governments have already implemented. There is no national policy, per se, on PB; all of the experiences are the isolated initiatives of local governments. However, the Spanish National Federation of Municipalities (FEMP) promoted and contributed to the awareness of these experiences by providing a framework within which PB could be developed on a larger scale. Most of the experiences have been in large and medium-sized local governments, with no evidence of what has occurred in small and rural localities.

It could be argued that PB practices in Spanish local governments are, in general, applied within a more broad-based participatory model, and that therefore PB has been coordinated with other participatory practices. In terms of numbers, since 2001, approximately 80 cases can be identified, originally inspired by Brazilian experiences, concerning large and medium urban localities. Regarding territorial diversity, some Autonomous Communities have been more active than others; for example, more experiences of PB practices are concentrated in the regions of Andalucía, the Basque Country, Valencia, and Catalonia. The first experiences with PB, and likewise the largest number of cases, have been designed and implemented by local governments led by left-leaning political parties (IU and PSOE). In addition, the number of experiences and experiments with PB boomed following the 2007 local elections; however, after the 2011 local elections there was a sharp decline in such practices.

### *Case Study of Seville*

Seville is a large Spanish city with a population of approximately 720,000. The governance structure of the city includes a “strong mayor” form (Mouritzen and Svara 2002) where the mayor is elected within a proportional representation electoral system whereby all council members are elected in closed party lists. Under the mayor, a heavily top-down administrative structure operates which includes district governments. Community activism operates mainly through neighborhood civic associations and within a legal framework provided by a local participatory ordinance. The size, capacity, and resources of these civic associations vary across the city.

Inspired by the Porto Alegre experience, PB was introduced in Seville in 2004. The initiative to introduce PB originated from one of the minority members of the coalition government (IU) and was consistent with previous participatory policy, as well as being framed within a broader pragmatic strategy of public–private collaboration. Initially there was weak political support for PB since most executive councilors were not involved, arguing a potential lack of ability on the part of the populace to understand complex bureaucratic issues and processes. They were, therefore, skeptical of the efficiency of deliberative democracy. The opposition councilors were, quite simply, against a process that involved only a small portion of the total operating budget; namely 0.7 percent of the total financial resources (2005). This was the environment within which the process of PB was initiated and implemented.

The main objective was to empower local citizens (mostly at an individual level, although some neighborhood associations were also invited) and citizen participation through deliberative experimentation. Although most of the participants had previous participatory experience, particularly in terms of representation, the method of participant selection was biased towards those civic associations linked to the political group that initiated the process. The immediate implication was that some key civic associations and social movements were excluded, although there was a Participatory Unit that supported the development process and assisted civic associations in organizing meetings, the attendance at which was uneven in that most of the participants were citizens who had previously been involved in the city's local politics. Furthermore, the steering committee for the PB was composed mainly of members of the local administration. What is more, while citizens were involved in designing the process, their deliberations were often mediated by experts. Nevertheless, within this context, citizens identified some priority proposals, and after deliberation those projects were voted on at a district level.

During the first three years the total number of participants amounted to 12,000 with more than 200 suggestions, but they were concentrated in a few neighborhoods. In addition, most of these suggestions were modified in order to be included within the broader and technocratically designed urban projects, which makes it impossible to evaluate to what extent the proper citizens' proposals were implemented.

Furthermore, the huge cuts in public sector spending (required by the EU) have particularly affected local Spanish governments. Within this restrictive environment of the 2011 local elections there was a change

of political leaders in most local governments that had PB in operation, which has essentially resulted in a shutting down of these experiments. Finally, the 2013 Local Government Act was passed by the Spanish central government, promoting a recentralization process and the privatization of local public services which have, with democratic issues being absent, had a negative impact on participatory policies including, but not limited to, PB.

### *Slovakia*

After the Velvet Revolution in Czechoslovakia in 1989 and the founding of the independent Slovak Republic in 1992, one of the most important manifestations of participatory democracy has been PB, in operation since 2012.

It is necessary to understand that PB is a new instrument included within previous political instruments that have influenced the political culture of Slovak public officials regarding decision-making processes concerning municipal budgets and also their level of acceptance of active citizen participation in these decision-making processes.

Interest among citizens in full participation in the public arena was increased after the accelerated development of municipal policy, especially in various locations over the last several years in both small villages and also in larger towns, where active citizens started organizing themselves into various community and non-profit organizations. This interest in involvement in public issues has been manifested in several cities such as Banská Bystrica (population 78,000), Bratislava and Ružomberok (population 27,000).

A common thread in these three cases that has influenced the concept of PB has been the special interest of many citizens in the restoration of community life, which had been partly destroyed during the long socialist era of industrialization. The interest in PB represents desire for the restoration of their community in general, for better planning so as to support adequate municipal projects, as well as dedication to local needs in their communities. The local actors in these three cities have mostly been various civic associations that are interested in participation in budgeting and the implementation of local projects. One of the most important national civic associations has been pushing for the implementation of the PB process in Bratislava and has backed various participatory projects in the Slovak Republic. The other type of actors are those who normally gather

together in participatory activities based on local interests groups, professional groups, students and neighborhoods and their activity is often more targeted and brings better results.

### *Case Study of Bratislava*

In Bratislava (population 450,000) PB was defined as civil budgeting because acceptance of PB has been supported by citizens and activists in accord with their interest in upgrading Bratislava's public, community space. Citizens' different ideas about the implementation of various public projects culminated in the development of an online instrument labeled the "public stock exchange." This was internet-based and its web address was advertised on Bratislava's city council webpage. All citizens over 18 years old could contribute their ideas and projects and post information on the website.

Finances allocated for PB were not distributed via various public grants but were and have remained part of the municipal budget. Locally elected officials decided how much financial support should be allocated for different projects based on what they considered the primary public interest. The sum of money allocated for public projects was between 0.2 and 1 percent of the municipal budget. In Bratislava, the PB in 2014 for six public agendas was €46,000 (of the total €370 million city budget). Bratislava's PB has several agendas such as for traffic and roadways, environment, culture, sport, social aid, and social assistance.

The primary public interest in PB is concentrated on a selection of appropriate projects from within the abovementioned agenda. All projects that are selected by the public must be executed according to the regulations for public procurement and a municipality's internal budgetary regulations. This process has to be controlled by the public, particularly by participatory civic forums that are expected to be very active in the process.

The primary interest of these forums is solidarity and cooperation based on rational support of real spontaneous activities, support of various participatory networks, and participatory communities. Bratislava's PB was subject to severe criticism in 2014 by the general public, especially concerning the legality of the decision-making processes developing from cooperation between public forums and public officials, resulting in ignorance on the part of public officials from the municipality of Bratislava. This ignorance damaged the true functionality of PB in Bratislava, because active participation of citizens on a local level was not supported by positive and

transparent interest on the part of municipal officials. Paradoxically the possibility of strengthening public participatory measures owing to the political culture of municipal officials was reduced in Bratislava.

In Slovakia, the online component and the strong role of the civil society become obvious. The true functionality of PB depends not only on the active participation of citizens at the local level but also on real supportive interest on the part of the municipal officials. Support for PB at the local political level (invited space) is, perhaps somewhat paradoxically, one of the prerequisites for strengthening public participatory space (invented space) in Slovakia.

### *Estonia*

Estonia, like other Central and Eastern Europe (CEE) countries, experienced the change from an undemocratic to a democratic regime (Mishler and Rose 2001; and Titma Rämmer 2006). This has had a definite impact on the formation of the political culture as well as on the perception of the state in general. The same can be argued about the local government level, as the prevailing culture of the public's mistrust of politicians is contributing to the perception of the citizen's role in a "legal" manner, that is, as a legal status and the opportunity to guarantee oneself civil and political rights, rather than presuming social obligation to participate in the governing of one's own state/municipality (Kalev et al. 2009). Hence, the experience of local administrations in Estonia in the field of citizens' participation is rather limited. In view of the rapid growth of ICT, e-participation has received much attention in Estonia. At the local level, however, it has not developed as much as at the national level, not least perhaps because cities mainly use ICT for information dissemination rather than for the genuine inclusion of their citizens (Hänni 2009).

Hence, Tartu was the first city in Estonia to try PB during the pilot project in autumn 2013. By autumn 2014 four cities in Estonia had already implemented PB initiatives. Tartu, with a population of 95,600, is by far the largest of these; the other municipalities are rather small, Viljandi counting 17,600 residents, Kuressaare 14,000, and Elva 5800. All four PB cases have minor differences but the same overall structure, involving initially the gathering citizens' input followed by the selection of proposals by the experts; the process is finalized by citizens voting. All cities have the obligation to bring to fulfillment the idea that has gathered most votes.

*Case Study of Tartu*

The topic of PB was first introduced to Estonian local decision-makers during autumn 2011 in the framework of the project “Participatory Budgeting in Local Governments” implemented by an Estonian non-governmental organization, the e-Governance Academy Foundation (eGA). The idea of PB fell upon fertile ground in Tartu, as there was strong political will among the members of the city government and city council to pilot this initiative. In particular, the mayor of the city was very enthusiastic about integrating new participatory practices into the everyday governance of the city.

One of the main objectives of PB was the improvement of understanding of the city budget as well as the decision making within the city government (see City of Tartu, 2014). Other important objectives have been cooperation between communities, increased civic participation, and the learning factor. Planning and executing projects have to teach those involved to carefully consider problematic areas as well as to try to find possible solutions.

As a result of numerous discussions, arguments, and the exchange of ideas during the preparatory stage of PB (Krenjova and Reinsalu 2013), it was agreed that the PB in Tartu was to consist of the following stages (City of Tartu, 2014). First, from late August to early September, the presentation of ideas was to take place (via both offline and online tools). Everyone was eligible to present ideas for an investment of up to €140,000 (which constituted approximately 1 percent of the municipal investment budget). In total 158 ideas were submitted, one of them on paper while all the others were submitted electronically. After this the experts analyzed and consolidated similar ideas, assessed them, and commented on their estimated cost until October 2013. As a result of this stage, 74 ideas were selected for the public vote. The presentation of the ideas took place in mid November 2013. The event was broadcast online and the ideas were accessible on the city’s webpage. Every Tartu resident of 16 years or over was eligible to vote. In total, 2645 votes were cast, 2370 of them electronically and 275 on paper, which constitutes approximately 3.3 percent of all eligible voters in the city of Tartu. The most active cohort was voters aged 30–36 (36 percent of all voters). The idea that won the largest number of votes (773) was named “Investment in Presentation Technology for Culture Block.” Tartu city council confirmed its adoption by accepting the budget on 19 December 2013.

After the pilot project, the city of Tartu decided to continue with the implementation of PB, but with its structure amended. The idea was to provide the citizens with more opportunities to present and discuss their proposals among themselves as well as with the experts in the field. The PB structure now includes thematic workshops where both the owners of the ideas as well as experts in the field are participating and discussing the proposals. The objective was to select five ideas during every thematic session that would be put up for public vote. Also, the voting system was changed by giving everyone three votes, so that “small ideas” would have better chances. The amount of money allocated for PB remained the same—€140,000; however, the new rule of two winning ideas was established. The submitted proposals had to be either an investment object or a public event; the maximum cost of each could not exceed €70,000 (Krenjova and Reinsalu 2013).

In Estonia, the online component and the strong role of the mayor and the executive became obvious. Estonia is one of the leading countries in e-administration. There exists little research about the potential of PB to transform administration (see Baiocchi and Gamuza 2014). One of the decisive factors in combating political confrontations is to give the leading role in designing the process to neutral and independent institutions and experts. Furthermore, the political will to initiate and to implement the process can aid in paving the way to go beyond the limits of financial autonomy (Krenjova and Reinsalu 2013).

### *Germany*

In Germany, participatory instruments were implemented in the 1970s, but the country was a latecomer in the Local Agenda 21 process. From 1998 a broad variety of local participatory instruments were implemented. In 2006 PB processes were imported, by 2012 PB was booming in Germany and in 2013 it was implemented in more than 100 large cities. A further 100 other cities had already experienced or are planning to implement this instrument. Some 90 percent of the cities use PB as a kind of electronic suggestion box (see Kersting 2013b). Most cities have predominantly only online participation and some cities have additional “face-to-face regional workshops” mostly characterized by low turnout. These included cities such as Cologne, Bonn, Oldenburg, and Frankfurt. An exception is the most prominent German PB process in the Berlin district of Lichtenberg. It focused more on offline instruments and neighborhood networks.

Nevertheless, in these forums just a small number among the population takes part. Only in Lichtenberg did the face-to-face forum have high rates of participation.

### *Case Study of Münster*

In 2010 the city of Münster (population 300,000) decided to implement a PB process. The initiative came from civil society, the administration, and the directly elected mayor himself. Due to the local financial crisis the council decided that from 2012 onwards PB process would only be implemented bi-annually. Furthermore, in 2012 suggestions were accepted only if they reduced local government spending.

In March 2011 an online instrument was implemented whereby citizens could make recommendations. This was controlled for hate speech, supervised (and “censored”). There was also the chance to send suggestions by ordinary mail. Additionally in five city districts, open forums were implemented, but these had a very low turnout. There was a much higher rate of participation online and more citizens participated (27,000 comments from 1400 voters), in accord with empirical findings in other cities. Online proposals were controlled and supervised in that period, to avoid inappropriate suggestions. In the following period of six weeks, citizens voted for certain proposals via the internet. It could be shown that some societal groups utilized the instrument for their purposes. Thus in 2011 the renovation of one school building was suggested and was ranked high. It can be argued in this case particular interest groups (parents and pupils at this school) were successfully mobilized. In 2011 in total around 440 proposals were made. There were 2700 comments and 1400 citizens voted. The comments were proofed beforehand, were in general very short and there was no adequate dialogical deliberation. The votes allowed Yes, No, or a neutral vote. In 2012 and 2014 the administration used a representative survey to poll opinion on the top suggestions. This was to give them greater legitimacy and to avoid the overrepresentation of particular interest groups. The results were included in the ranking and additionally presented to the council members. In the third phase the most popular recommendations were transferred to the administration, which had to approve them regarding the legality and feasibility. Although this was regarded as additional work, most administrative staff were quite open towards the suggestions. After the approval, the best recommendations were transferred to the city council and included in the budget talks of the council, or rather the local political party factions within the council.

In 2011, 63 suggestions were transferred to the council and 36 were immediately approved by the council and implemented shortly afterwards. In 2012, 102 suggestions made it onto the list and 51 were accepted.

Although some of the recommendations were cost-intensive big projects, it is interesting that those chosen as top recommendations were not the major topics in Münsteranian politics. Suggestions focused on traffic issues, followed by infrastructure and local finance.

German PB is not related to a certain budget, but to the budget as a whole. Here it has only a consultative character. In Germany, as stated, it is more an electronic suggestion box as an aid to prioritization, an instrument imported to assist public management to be implemented by the directly elected mayor. Councillors, who are excluded, often criticize it for being too small.

### LOCAL DELIBERATIVE TURN? CONCLUSIONS

In the last decade, a democratic renewal has become obvious (see Dryzek 2002; Fung and Wright 2003; Kersting et al. 2009; Smith 2009; Kersting 2015). The Rio Summit and Local Agenda 21 gave the impulse for some participatory pilot instruments. A broad range of deliberative democratic instruments were implemented sporadically and new advisory boards were installed. In the late 2000s a trend towards PB became obvious. This instrument was developed in the global South and in the young democracies such as Brazil, and exported to the old democracies in Europe and Northern America. But in the implementation different trends could be observed.

Political and other environmental variables influence not only the goals of the PB model but also the design, mechanisms, and outcomes. In Europe the older Spanish cases (Seville and Cordoba) were closest to the traditional deliberative Brazilian pilot projects. Slovakian cases also include a stronger deliberative offline component. Deliberative democracy focuses on communication and community-building processes. It allowed the development of social capital within the group. Nevertheless our country study showed that in most other countries the instruments do not focus preliminary on deliberation and community development. In Germany and Estonia PB processes led to new forms of online participation. PB became more of an electronic suggestion box. In this regard, new PBs follow the first examples of PBs in New Zealand where these budgets were implemented during the New Public Management reform processes

and where PB focused on customer orientation and less on community development.

Second, in a climate of strong political competition, the institutionalization of a participatory practice is not possible when political opponents do not support it in their initial platform, or freely eliminate it when they do reach power. New participatory instruments are frequently implemented by the mayors and the administration, but highly criticized and sometimes even obstructed by councilors. This tendency seems to be stronger in the young democracies in Eastern Europe. Nevertheless, the new deliberative instruments are consultative and cannot lead—with exceptions at the sub-local level and in certain policy fields—to binding decisions. Power still lies in the hands of elected representatives such as councilors who, however, are feeling sidelined by the new participatory instruments.

Finally the obvious trend is that in most European cities the instruments are no longer pro-poor oriented, and in some of them no funds are allocated. So the different advisory functions in some cases concentrate only on suggestions on how to save money and not how to spend it. With the financial crisis which hit the Southern European countries extremely hard, only a few of these participatory instruments have been applied.

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### Article III

**Krenjova, J.** and K. Reinsalu. 2013. “Good Governance Starts from Procedural Changes: Case Study of Preparing Participatory Budgeting in the City of Tartu.” *Socialiniai Tyrimai* 3(32), 28-40.



## Good Governance Starts from Procedural Changes: Case study of Preparing Participatory Budgeting in the City of Tartu

**Jelizaveta Krenjova (McS), Kristina Reinsalu (PhD)**

*Project Manager, Estonian e-Governance Academy, Tõnismägi 2, 10122 Tallinn, Estonia,*

*PhD student at Tallinn University of Technology*

*E-mail: jelizaveta.krenjova@ega.ee*

*Program Director of Local Governments, Estonian e-Governance Academy, Tõnismägi 2,*

*10122 Tallinn, Estonia*

*E-mail: Kristina.reinsalu@ega.ee*

### Abstract

The main goal of this paper is to examine practical experience in good governance at a local level by discussing the initiative called Participatory Budgeting (PB). The paper seeks to map challenges, choices and decisive factors that can be distinguished in the PB preparation process by presenting a case study of the City of Tartu. It focuses specifically on the fears, barriers and arguments of the local politicians and officials involved in the preparation process. The study reveals that political confrontation, financial constraints, composing the PB decision-making body as well as overcoming the problem of extra workloads can become major challenges in the process of preparing for PB.

**Keywords:** local governance, participatory budgeting, participation practices.

### Introduction

Citizen participation or, to be more precise, a lack thereof, has become one of favourite topics of numerous political documents and academic papers. One could even argue that it has turned into a common rhetoric in everyday politics at all levels. However, this rhetoric very rarely materializes in good examples of citizen real empowerment and involvement in decision-making processes. Sceptics of participation might argue that if the aim is to make sophisticated and difficult socio-economic and political decisions, then, to give an example, if a bridge needs to be built, people should not be asked how to do it because engineers should be in charge of such a task (Cellary 2011, in Krenjova, Raudla 2013). In other words, it is often assumed that people lack knowledge necessary to participate in public affairs. However, even if one argues that there is indeed no need to ask citizens how to build a bridge, it might still be a good idea to ask them where to put it (ICEGOV 2011, in Krenjova, Raudla 2013). In the context of Participatory Budgeting (PB), one might go even further and ask people whether they want a bridge at all or they would prefer that the municipality spent funds on something else.

PB is an emergent phenomenon and a growing international practice in many countries. It provides an opportunity and space for the public to shift from being a mere service “user” toward being an involved “maker and shaper” (Demediuk et al. 2012, 186). The benefits of PB include democracy, transparency, education, efficiency, social justice and community development. Since there is considerable research on participatory democracy and the necessity of enhancing it (e.g., Kim and Lee 2012; Höchtl, Parycek, Sachs, 2011), the present paper does not focus on outlining the advantages of PB. We would only briefly cite John Dewey’s expression: “The man who wears the shoe knows better where it pinches” (Lerner 2011, 31).

Analysing PB can pose a considerable challenge. This is mostly because of differences in PB practices in terms of the form of citizen participation and monitoring and managing the process. The scope and combination of different elements vary from case to case and the very notion and definition of PB remains a much contested issue<sup>1</sup>. While there is a growing body of research describing the already implemented PB practices and their results, there is a lack of analysis of the preparation process of PB and its characteristics. This paper seeks to fill this gap by mapping the challenges, choices and decisive factors that could be distinguished in the PB preparation process. It focuses specifically on the fears, barriers

<sup>1</sup> As Lerner (2011) argues, advocates in some countries have interpreted PB to mean any kind of public involvement in budgeting. While he refers to such initiatives as helping the governments “to legitimize old (or new) consultation practices that give citizens no power to decide spending” (Lerner 2011, 31), Zhang and Liao (2012) in their study on New Jersey municipalities state that “the mechanisms of PB include public hearings, citizens’ surveys, advisory boards and forums or workshops open to citizens”. This paper refers to the criteria proposed by Sintomer, Herzberg and Röcke (2005): (1) the financial dimension has to be discussed, (2) the city level has to be involved, (3) the process has to be repeated, (4) there has to be some form of public deliberation, (5) some accountability is required.

and arguments of the local politicians and officials involved in the preparation process. The paper presents a case study of the City of Tartu, Estonia.

Structurally, the paper firstly presents the methodology used in research and then proceeds to the section that details the design of the variables of the PB process and outlines the main theoretical assumptions concerning the major decisions that face the developers of PB. The theoretical part is supplemented with contextual factors that are assumed to determine the choice of the PB design and constitute the challenges that the developers are confronted with. The empirical part of the paper, firstly, focuses on examining the contextual factors of Estonia and Tartu in particular, and, secondly, analyses the preparation process of the PB design in depth, outlining the fears, barriers and arguments discussed during meetings and in e-mail conversations. Finally, the elaborated PB model of Tartu is briefly presented<sup>2</sup>.

## 1. Methodology

The conducted research in the present paper is a case study. In anticipation of objections concerning inability to generalise anything from a single case or a possibility to look at the problem subjectivity, it should be noted that the case study format is perfectly suited for generating context-dependent knowledge, which is particularly significant in researching PB. Moreover, the case study method allows the researcher to remain close to the meaningful characteristics of real life events (Flyvbjerg 2006). Finally, as Hans Eysenck claims, “sometimes we simply have to keep our eyes open and look carefully at individual cases – not in the hope of proving anything, but rather in the hope of learning something!” (Eysenck 1976, 9, in Flyvbjerg 2006). The PB preparation process in the City of Tartu, Estonia, is analysed by presenting the fears, barriers and arguments discussed in the focus group. The virtue of the latter lies in the ability of a group process to produce a considerable amount of information: as people engage in a dialogue, the conversation is nonlinear and different perspectives can be brought up at any time (Johnson 2002).

The focus group in this research consisted of 10–12 people representing every political party in the City Council. In addition to party representatives, the group included the City Secretary who is responsible for the city’s legislative acts, the Head of the Legal Department and an official from the Financial Department. The initiative to pilot the project came from the Mayor and this meant that the Mayor and Deputy Mayors were also part of the group. Last but not least, the Public Relations Department was also

<sup>2</sup> Due to space limitations, there is no detailed description of existing theoretical PB models in this paper. For a more detailed overview, see Sintomer et al. (2010).

involved in developing the PB process. The focus group coincided with the Work Group (WG) that was involved in the elaboration of the PB design.

The choice of participants for the focus group was partially based on self-selection and purposeful selection. A letter of invitation was sent to all parties in the City Council, briefly describing what PB is and proposing to attend a meeting to discuss its implementation possibilities in Tartu. The City Secretary, the head of the Law Department and the representative of the Financial Department were personally invited to take part due to the specifics of the topic discussed. Similarly, there was a general understanding that the communication aspect of the PB process is crucial; therefore, the Public Relations Department was assigned an important role. Overall, three discussion sessions took place between April 2013 and June 2013, each lasting for two hours<sup>3</sup>. E-mail communication between the WG members was encouraged from the onset. One of the authors of the paper was involved as an expert in designing and planning the PB process and was, hence, the facilitator of the discussion. The sessions were recorded and transcribed. Additional sources include secondary literature analysis and e-mail conversations.

## 2. Theoretical framework

### 2.1. Designing the PB process: choices and challenges

As noted above, the practices and methods of implementing PB vary greatly, from the specific form of citizen participation in the budget allocation procedure to the control mechanisms used once the budget has been approved (Sintomer et al. 2005; Cabannes 2004, 28 in Krenjova, Raudla 2013). Thus, it is rather difficult to “map the contours” of PB. However, based on the synthesis of existing PB research, it is possible to outline the basic phases of the PB procedure (see Table 1). The variables of the process design were extracted and consolidated from Cabannes (2004), Sintomer et al. (2010), Fung (2006), Ebdon and Franklin (2006) and Talpin (2007)<sup>4</sup>.

<sup>3</sup> Marked as WG sessions below.

<sup>4</sup> The variables of the process design have been synthesized by one of the authors as part of the master’s thesis (see Krenjova 2012). They were extracted from research conducted by Cabannes (2004) which draws on 25 experiences in Latin America and Europe and from a global study by Sintomer et al. (2010a) which elaborated 6 models of PB in Europe. The criteria that the models are based on have been integrated with the variables and distributed between the stages of the PB process developed by the author of the thesis. Additionally, the framework has been supplemented by Fung’s dimensions and some components from Ebdon and Franklin (2006) on key elements of citizen participation in budgeting. Lastly, the questions of procedure, framing and implementation raised by Talpin (2007) have been taken into account while elaborating the framework. For more detailed references to these sources, see Krenjova (2012).

Table 1

### PB process design variables

<b>PB decision-making body</b>	<ul style="list-style-type: none"> <li>• Who sets up “the rules of the game”?</li> </ul>
<b>Participation</b>	<ul style="list-style-type: none"> <li>• How are participants selected?</li> <li>• Which participation mechanisms can be used? (public meetings, focus groups, simulation, advisory committees, surveys, etc.)</li> <li>• How do citizens participate? (direct vs. indirect participation)</li> <li>• How are meetings organized? (territorial or thematic basis; city, district or neighbourhood level)</li> </ul>
<b>Deliberation</b>	<ul style="list-style-type: none"> <li>• What is being deliberated? (investments or service delivery, projects or general areas)</li> <li>• How do participants communicate and make decisions?</li> </ul>
<b>Empowerment</b>	<ul style="list-style-type: none"> <li>• What role does the civil society play?</li> </ul>
<b>Control and monitoring</b>	<ul style="list-style-type: none"> <li>• Who checks the implementation of the budget?</li> </ul>

Source: Krenjova, Raudla (2013)

The first variable, the discussion of the PB preparation process traditionally starts with, is the **PB decision-making body**. In other words, a decision has to be made as to which body/institution is going to set up “the rules of the game”, that is, manage the whole process of selecting themes for discussion, criteria for allocating resources, number of meetings, etc. According to Cabannes (2004), cited by Krenjova, Raudla (2013, 26), most PB cases fall between two extremes: the specific PB Council and the pre-existing social and political frameworks such as neighbourhoods. The virtue of the former is that the budget becomes the focal point of participation, while in the latter budgeting can end up as not the foremost concern and local networks might not be modified (Cabannes 2004; Haller and Faulkner 2012). Some scholars argue that the Mayor’s office should be directly involved in coordinating the process (Goldfrank 2007), while others do not exclude management of the PB process by an independent and unaligned body/expert without a vested interest in the outcome (Thomson 2012; Demediuk et al. 2012; Lerner 2011). Challenge and choices at this stage also concern involvement of citizens in preparing for PB (Demediuk et al. 2012).

The PB decision-making body is also in charge of determining the proportion of the budget or the amount of money to be given to public deliberation. Cabannes (2004, 28) outlines this aspect as a separate variable, labelling it “management of scarcity or full control of public resource”. Again, significant differences exist between cases, ranging from less than 1% to 100% of the budget. Campinas, Brazil, for example, implemented the PB system that allows citizens to determine 100% of the municipality’s resources (Haller et al. 2012). This, of course, is an extreme example. Typically, less than 20% of the total budget is under discussion (Lerner 2011).

The next aspect to be decided while preparing the PB design is **participation** and all challenges

and options surrounding it, ranging from selection of participants to organization of meetings. A much debated issue is efficacy of participation. The self-selection process, for instance, is sometimes viewed as involving issue extremists (as the most active participants), resulting in the so-called “dark side of civic engagement” (Fiorina 1999, 414, in LaFrance, Balogun 2012). At the same time, studies also suggest that participation should be open to large numbers of people; it should provide a wide access and not exclude anyone. There is also an added challenge of involving underrepresented groups of society, what the self-selection process does not ensure. It is also important that the chosen participation mechanisms relate to participation goals (Ebdon, Franklin 2006). As Demediuk et al. (2012) suggests, the ends (objectives and outcomes) chosen for a PB initiative should shape the means (structure and processes) chosen in the PB design.

Undoubtedly, the awareness raising phase has to take place in order to inform citizens of upcoming opportunities. This could be done via local newspapers, online media, social networks, television, mail or any other means of communication. Lerner (2011, 34) names mobilization of diverse participants the greatest challenge for PB in the United States: “How do you attract diverse participants, beyond the usual suspects?” An added nuance is two distinct approaches to organising the meetings: thematic or territorial. Usually, PB is conducted in two ways: either through regular meetings of the neighbourhoods and the whole city (territorial approach) or through the so-called thematic assemblies which can be on housing, local economic development, transportation, etc. (Cabannes 2004, 28).

The main point of these meetings is **deliberation**, the subject of which can vary from general areas to specific projects. It is also at this stage that the preparation process should focus on

the question of framing, that is, on how deliberative decisions should be (e.g., operating through consensus or through a more aggregative approach such as voting). Consensual decision-making might become a fertile ground for the administration to manipulate the discussion (Talpin 2007); on the other hand, there is always a normative argument in favour of deliberation as the scope of matters that can be discussed is more wide (Thompson 2012).

Depending on the extent of civil society's influence on the final decision, different levels of **empowerment** can be implicated, ranging from "selective listening" to de facto decision-making. While "selective listening" stands for a mere consultation process whereby citizens' proposals are simply taken into account by local authorities; de facto decision-making at the other side of the spectrum means that the local council has an obligation to officially approve the participatory budget plan (Fung 2006, Herzberg 2011 in Krenjova, Raudla 2013).

Finally, a decision has to be made as to who **controls and monitors** budget implementation once it has been approved. These functions are usually performed by the executive branch or by citizens (Cabannes 2004, in Krenjova, Raudla 2013)

## 2.2. Contextual factors

It is obvious that the preparation process, that focuses on the selection of the PB design and different options it has to offer, is greatly influenced by environmental aspects that are frequently decisive in the elaboration of the PB structure and in its feasibility and applicability overall.

Research on different PB experiences makes it possible to map several key contextual factors. Conducive political and civic cultures constitute favourable environmental components that facilitate successful implementation of PB (Herzberg 2011, 18; Wampler 2007, 24; DeNardis 2011, 98; Fölscher 2007, 132–134; Goldfrank 2007). Secondly, as PB concerns local level governance and deals with the allocation of financial resources, local financial autonomy is another important prerequisite for its feasibility (Wampler 2007, 25; DeNardis 2011, 95; Fölscher 2007, 130–132).

Previous participation experiences, i.e. the history of participation of local governments (LG), can serve as an indicator of readiness for and possible acceptance of PB (Kweit and Kweit in Ebdon and Franklin 2006). For PB to work, there has to be a clear interest on the part of the civil society, that is, the citizenry has to be ready and willing to participate; also, a clear political will on the part of municipal decision-makers is vital (Ebdon, Franklin 2006 in Krenjova, Raudla 2013). Political actors might feel threatened

by citizens' direct participation in local governance as they obviously lose some decision-making space (Cabannes 2004; Wampler 2007 in Krenjova, Raudla 2013). As investigated by Zhang and Liao (2012), the Mayor's general attitude toward public participation is of utmost importance. It has a strong impact on the adoption of PB. Their findings suggest that the extent to which a municipality engages in a two-way dialogue with its citizens depends on the beliefs of the elected officials and the rational evaluations of professional managers, especially the estimation of citizens' interest and participation cost.

Certainly, participation has its cost, both for citizens and officials. The former derives from Downs' idea that individuals always weigh costs against potential benefits, and participation is no exception (Downs 1957, in LaFrance, Balogun 2012). From the government's perspective, citizens' presence in budgeting is thought to make decisions more expensive (Zhang, Liao 2012, 285). Transactional costs of participation can dampen enthusiasm among political elites who calculate increase in staff time and communication (DeNardis 2011). As DeNardis (2011) observes, the prevailing belief, that citizens lack the necessary knowledge to participate, can become an obstacle in PB implementation.

It also can always be argued that the economic perspective should be supplemented with the variable of importance, that is, the variable that measures importance that a participant attaches to being able to express his preferences (Fiorina 1999, in LaFrance, Balogun 2012). As one study suggests, "perceived efficacy is the best determinant of generalized contact" (Hirlinger 1992, 553, in LaFrance, Balogun 2012, 2). Hence, the perception of society that its voice is being heard (which is often achieved through multiple participatory experiences that legitimize the government) and, as a consequence, willingness of the civil society to participate are additional decisive contextual factors that influence the feasibility of PB.

Furthermore, since PB prescribes participation in the allocation of financial resources at the municipal level, it probably goes without saying that the LG willing to carry out PB has to have some degree of financial autonomy. This might be a real challenge for a municipality which is dependent on state transfers for vital services (Lernen, Baiocchi 2007).

Existing research provides an even less systematic overview of the more local level characteristics of municipalities. The size of an LG (e.g., its population) is presumably decisive in how participation will be structured (affecting the form and scope of participation as well as the methods of participant selection). Large cities may opt for

multi-layer participation with citizens' delegates involved in the process. An alternative for a large city would be targeted selection of organised citizens' representatives (this, however, also depends on the political culture). Smaller cities might choose to engage in participation via self-selection and open meetings at the town level. The size of the population may also influence formality of the process and the mode of decision-making. In smaller cities, for instance, consensus-based and informal processes might be more probable (Krenjova, Raudla 2013).

Lerner (2011) points out that ethnical diversity can constitute a challenge for the developers as they attempt to get all groups involved thus also influencing participation and its options. Council diversity is being examined by Zhang and Liao (2012) as a generally favourable factor that values the input of different perspectives and encourages overall public involvement. They suggest, however, that PB is more likely to occur in homogeneous communities.

Finally, the level of LG prosperity (indicated by its per capita revenues) is likely to be the decisive factor in the choice of empowerment level and of the decision-making body. Even though municipality finances have to be involved (according to the definition of PB), as research on different PB models shows, they might be combined with private and (non)governmental resources in order to provide adequate funding for implementation. It is worth noting that PB can be implemented even with a limited amount of money. Practices vary from 1—10% of the overall implemented budget (Cabannes 2004, 34). Prosperity may additionally influence the focus of deliberation, which ranges from specific projects to broad policy guidelines. A municipality, strapped for funds, is more likely to involve citizens in a discussion over general policy priorities rather than in selection of new public works (Cabannes, 2004, Wampler 2007 in Krenjova, Raudla 2013).

The additional contextual factor that is increasingly important in the information age is desire and readiness of a municipality to use ICT in participation. This factor might become decisive in structuring different stages of the PB process, starting from gathering input for voting on the final decision. As various e-PB experiences start to emerge, importance of this variable cannot be underestimated. As stated by Haller and Faulkner (2012, 24), who examine PB in the US, "the integration of technology into public participation becomes a key indicator of success of public engagement". The use of ICT in PB design broadens the scope of public engagement and allows for a more diverse array of opinions and ideas to be presented.

### 3. Discussion

This section provides a brief overview of the environmental characteristics at both, the national and local, levels. It also outlines the main discussion points and arguments raised during the PB preparation process in Tartu. The argumentation is structured on the basis of the design variables presented in the previous theoretical framework. This section also indicates critical points in the WG discussion sessions and presents related discussions that are available in the present research. The section also reveals the most decisive factors behind the choices in the PB process design.

#### 3.1. Environmental characteristics of Estonia and Tartu

As stated in the theoretical section, preparation and, finally, choice of a specific PB design strongly depend on the environment of LG. This section provides an overview of the contextual factors that are assumed to influence choices that officials and experts make during the PB preparation process.

Estonia is divided into 226 municipalities, including 33 cities and 193 rural municipalities. They differ greatly in size: the largest is the capital city Tallinn, with the population of about 400 000, whereas two thirds of the LG units have less than 3 000 inhabitants. Independent LGs were re-established in Estonia in the early 1990s, when most legislation on LGs and their finances were written. The Constitution of Estonia states (in §154) that local authorities have the right to manage local issues: "All local issues shall be resolved and managed by local governments, which shall operate independently pursuant to law".

Despite the right to manage their issues, local financial autonomy of the Estonian LGs is rather limited. Expenditure autonomy is dependent on the central government through the mandatory services and functions that are imposed by law and that actually constitute most expenditure areas. In addition, vagueness in what specifically local tasks are enhances LG dependency on the discretion of the central government. Some mandatory functions imposed by law are regulated by area-specific laws, leaving LGs little room to decide for themselves how to provide the service. Finally, revenue autonomy is rather low, as most LG revenues actually constitute transfers from the central government (Krenjova 2012).

It could be argued that, similarly to local governments in Europe, local authorities in Estonia have relative freedom of action and broad opportunities to develop local communities. However, at the same time they have the obligation to offer almost 70% of the services (social assistance, education, etc.).

Furthermore, the status and role of local governments have differed and have been debated throughout history and certainly during the years of independence. Although numerous responsibilities have been divided between the central government and the municipalities for more than a decade, there is still confusion in understanding the roles, functions and responsibilities of the different governmental levels. As the central government has constantly changed its expectations of the local governments, a mutual understanding has not always been sufficient. At the same time, the municipalities themselves have not been overly proactive in developing their initiatives and approaches. This, in turn, affects citizens' will to enter into a dialogue with their local municipalities (Reinsalu 2008).

The existence of such a dialogue certainly concerns the political and civic culture of the country and of the specific LG that is capable of influencing PB formation. Speaking of the national level, for Estonia as for many other Central and Eastern Europe (CEE) countries, change from an undemocratic to a democratic regime has had an immense impact on people's belief systems (Titma, Rämmer 2006). The democratic regime that the newly established independent state was longing for appeared radically different from the regime into which many people had been socialised for all their lives (Mishler, Rose 2001). Trust in institutions, one of the main indicators of sustainability and successful performance of a political system (Pettai et al. 2011), was inevitably affected by a change in the world history known as collapse of the Soviet Union. Nowadays, it has probably become common knowledge that citizens of post-communist societies are likely to manifest low trust in the institutions of their country. A desire to protect oneself from an intrusive and repressive authoritarian regime left its mark on many people's perception of government-related institutions (Mishler, Rose 2001). As a result, the civic culture in Estonia is presumably relatively weak. Generally, the role of the Estonian citizen is seen in legal terms. This means that citizens are focused on their legal status and opportunities to ensure themselves civil and political rights rather than on assuming social obligations and participating in the governing of their state or municipality (Krenjova 2012).

In general, Estonia could be said to be dominated by an individualistic political culture. The NPM paradigm, that Estonia eagerly stepped into, contributed significantly to the development of the minimalist conception of the state as well as to the weakly developed civil society where participation rates are relatively low and individualist values prevail. Politicians at the local level are eager to engage in a one-way relationship with citizens, mostly

by the disclosure of public information (actively<sup>5</sup> or passively<sup>6</sup>) and emphasize people's passivity in participation. From the individual perspective, in turn, being a citizen does not seem to imply a moral duty to take part in policy-making but, instead, has a short-term utilitarian tint (Krenjova 2012).

As noted above, democracy in Estonia has developed similarly to other post-communist countries. It has been characterised by rapid institutional development and a comparatively slower development of the civil society. However, Estonia is exceptional due to its technological development which has been faster than in most other post-communist countries. Estonia has invested in and created a well-functioning IT infrastructure which integrates offering e-services at both levels, local and national. The use of the Internet and e-services is relatively high, meaning there is a general favourable context in which to plan the use of online tools from the very beginning of the PB process. This is even more the case due to the already existing tools for Local Democracy Procedures such as the Information System for Councils, VOLIS – special software for e-decisions by local authorities. The software digitally generates views for different user categories and roles performed (for the council, government, state, official, administrator), links them according to the procedural regulations of the local administration, enables decision-making through the use of digital authentication, allows members to virtually participate in the council and its sub-meetings (via the Internet) with full rights (including voting and making speeches) and real-time overview, etc. What is especially important in the context of PB is that the software offers a special citizens' view which enables public involvement (allows the citizens to present proposals, amendments to drafts as well as offer their opinions real-time). The citizens' view also streams video and sound from the local council meeting. VOLIS software is available to all local governments and levels for a (relatively low) fixed service price. Still, not all Estonian LGs have joined the system. It might be the case that local political leaders are afraid of a high degree of transparency<sup>7</sup>.

Tartu has joined the Information Council System and might be said to stand out among other LGs in Estonia. In fact, it cannot be considered a representative city among the Estonian municipalities. With the population of roughly 100 000 residents, it is the second largest city of Estonia. Located 185 km south of Tallinn, it is also the centre of Southern Estonia. The City Council of Tartu, chosen

<sup>5</sup> Disseminating information on its own initiative (OECD 2001).

<sup>6</sup> Providing information on the citizens' request (OECD 2001).

<sup>7</sup> For further information about VOLIS visit <https://www.volis.ee/gvolis/?lang=en>

by the electorate of the city every four years, is the representative body of municipal government. City life is directed by 49 members of the City Council and 5 members of the City Government, most recently elected in the autumn of 2009<sup>8</sup>.

Tartu has been outstandingly active in involving citizens in decision-making processes on different local issues. There are great examples<sup>9</sup> from the last couple of years when Tartu has involved citizens in the process of noticing and rewarding best snow-clearers, encouraged citizens to become the creators and authors of new tourist brochures about Tartu, etc. These are minor everyday local issues. In addition, there have been two participation cases which are highly relevant in the context of PB and for discussing the general readiness for PB.

One of these cases is the way the city government used online channels to prepare the new public transportation tender in Tartu. The project was meant to raise public awareness and map public opinion of the public bus transportation as a new tender was being prepared. As a result, the city government received 552 pieces of feedback from citizens via the Internet and social media channels and used them to improve quality requirements for public bus transportation in the new tender. The feedback was also used to improve bus routes and timetables according to citizens' needs. This case clearly demonstrates high readiness for e-participation from both parties, supported by a sufficient IT infrastructure with many free wireless areas in the city, high use of the Internet, great availability of various e-services and a long tradition of using them<sup>10</sup>.

Another example of participation relevant to this discussion demonstrates that the city government has taken first steps towards combining the tools of traditional participation with e-tools in order to engage citizens in spatial planning processes. Since 2011 Tartu has been working on the general planning of the city centre with the aim of establishing the principles for its spatial development – where to build and where not to build. The first stage of general planning drafted the city centre development strategy, including the evaluation of the previous developments and a set of possible suggestions to improve the centre. Next to online tools (from online questionnaires on Twitter and Facebook posts), traditional deliberative democracy tools such as workshops were organized for different citizen groups who have a specific interest in the city centre (shop

owners, students, etc.). This experience underlined the importance of public relations and the earliest possible involvement of the media in the decision-making process. The discussion was initiated by the local daily *Tartu Postimees*. At first, the City Architect published their vision of how the river banks could be developed in the city centre in the future. There were drawings and videos attached. This initiated a major discussion in the media. Most published articles were ordered by *Tartu Postimees*. Dozens of articles were published in different media, most of them in *Tartu Postimees*. The topic was also covered on TV and on the radio with the aim of making citizens think about city development<sup>11</sup>.

However, there is a chance that participation in the process of PB might remain modest, paradoxically not because of the design of the process itself but because of specific contextual factors. There have lately been some instances in some areas of the city where citizens have suffered due to misinterpretation and unauthorised (and illegal) behaviour of property developers. The fact that the city government does not always have an appropriate reaction and might be unable to change the situation has led to mistrust in and dissatisfaction with the political leadership of Tartu. The mistrust has also increased and the rating of the governing body decreased due to some nationwide political scandals related to the leading Reform Party in Tartu.

### 3.2. PB preparation process in Tartu

The topic of PB was not entirely new for Tartu. One of the authors of the present paper had been involved in organising and running seminars in Tartu in 2011 for local decision-makers on the topic of PB in the framework of the project "Participatory Budgeting in Local Governments"<sup>12</sup> which was implemented by the Estonian non-governmental organisation e-Governance Academy (eGA). Already back then, it seemed that there was a fertile ground for the idea of PB in Tartu, as there was a strong political will among the members of the City Government and the City Council to pilot this initiative. In particular, the Mayor was very enthusiastic about integrating new participatory practices into everyday governance of the city (seminar session).

#### *PB decision-making body*

A decision to invite the e-Governance Academy (eGA) to be an external expert organisation managing the whole process was based on the

<sup>8</sup> For further information see [http://www.tartu.ee/?lang\\_id=2&menu\\_id=13&page\\_id=1119](http://www.tartu.ee/?lang_id=2&menu_id=13&page_id=1119)

<sup>9</sup> For a description of the cases (accompanied with videos) see: <http://eparticipation.eu/country/estonia/>

<sup>10</sup> See the description of the case <http://eparticipation.eu/2012/10/using-online-channels-for-preparation-of-the-new-public-transportation-tender-in-tartu/>

<sup>11</sup> See the detailed description of the case <http://eparticipation.eu/2012/10/engaging-citizen-to-the-general-planning-of-the-city-centre/>

<sup>12</sup> The project was financed by the Open Estonia Foundation.

previous experience from the seminar. The eGA has also demonstrated its political neutrality with previous participation projects, analysis and numerous democracy and e-governance work. Thus, it was a strategic decision by the City Government to engage the eGA as the leader of the process, aimed at increasing credibility and legitimacy of the process among different political parties as well as citizens. A neutral and independent institution was set up to manage the PB process.

In general, the eGA was given a fairly large space to operate in from choosing what to start from and how to begin setting up rules of the process. The eGA's strategy was to combine academic research methods (analysing existing research, collecting case studies) and free discussion (deliberation) methods. External experts began by presenting an overview of the international cases of PB at the first meeting (hereafter labelled WG Session I). At the following meetings, the main arguments and suggestions were already taken into account when preparing discussion documents to be presented at future meetings.

As was stated in the methodology section, the PB decision-making body was composed of city officials and politicians. One key aspect to be emphasized is a necessity to involve officials from the Legal Department. In the case of Tartu, the City Secretary and also the Head of the Legal Department were involved. These officials earnestly contributed to group discussions and documents to be prepared for subsequent WG meetings, putting arguments and discussion points into the existing legal framework and pointing out limits and restrictions.

As research indicates, involving citizens in the elaboration of the PB design is an issue to be considered. In Tartu, the external expert and the City Government discussed a possibility to engage representatives of civic organizations as well as the wider public in the process of designing the PB model (consulting different scenarios via electronic tools) (WG Session I). However, it was decided that, since the first time when PB was planned and implemented as a pilot project, it might be easier for citizens to contribute to the already designed test model. It was assumed that more useful feedback would be received if people were offered a way to practice the process by themselves first and only then asked to give their thoughts and comments on it. In fact, it became critical to plan and implement efficient feedback collecting practices during the pilot project in order to adjust the model if need be and make it better correspond to the needs and expectations of citizens. During and after the pilot between August 2013 and December 2013, external experts from the eGA try to get as much feedback and co-production

from citizens as possible so that the process could be redesigned and improved in upcoming years (WG Session I).

It is also worth noting that, since the PB decision-making body in Tartu was formed of representatives of all political fractions elected to the City Council and of the members of the City Government, the main argument was focused on the ability to combine direct democracy (citizens presenting ideas and choosing the best ones) and indirect or representative democracy (politicians and administrative leaders working on the model) (WG Session I). As outlined by Novy and Leubolt (2005), PB is an ongoing social experiment of linking the elements of direct and indirect democracy.

As the reviewed research indicates, even in the context of a favourable political culture, there are always costs involved in setting up participatory practices. In Tartu, one of the most serious topics discussed in the WG at the stage of initiating PB was cost of the whole process (not the amount of money to be eventually allocated by the citizens but cost of the process itself). The largest anticipated cost was that of public relations (PR). It was agreed that efficient communication strategies and quite costly activities (e.g., the use of publicity screens) were needed to truly mobilize citizens. Another critical question was payment and motivation of the officials who had to do extra work (WG Session I). The external expert presented approximate calculations of all costs (including additional payments, PR materials such as flyers, etc.). These were approximately 6 200 EUR what was less than politicians had anticipated at first (WG Session III).

The greatest issue of concern was not the PB process or making it work but rather the amount of money to be given to citizens to decide upon. This discussion was initiated by the politicians involved from the very beginning of the preparation process (WG Session I). A decision that money should come from the infrastructure budget and be spent on public spaces and specific objects (buildings, parks, etc.) was fast and almost consensual. However, a more lively discussion occurred on the topic of a specific sum of money to be allocated: should it be a symbolic sum, at least in the pilot project? This was not discussed in other research but the Tartu experience clearly illustrated what the critics of "the symbolic sum of money" approach have argued: that in such circumstances the whole process remains symbolic as well. Those who argued for a more significant amount of money, which would legitimise the process and increase participants' motivation, were criticised for willing to take risks. As mentioned above, the financial autonomy of LGs is another factor. The previous

sections explained how 90% of the budget Estonian LGs made essentially unavoidable decisions where the space to manoeuvre is very limited. As a result of the discussions, it was agreed that Tartu residents would decide on about 1% of the investments budget (140 000 EUR).

### *Participation*

As the theoretical framework indicated, participation is an important variable to decide upon. Differently from research that debates the issue of under-represented groups, this did not become a significant factor in the PB preparation process in Tartu. Examples of various cases in Canada have been listed: in Guelph, people in neighbourhoods, who have not been organized into grassroots groups, cannot participate; in Toronto, those who do not live in public housing cannot participate; and at Ridgeview, non-students cannot participate (Baiocchi and Lerner 2007). As Baiocchi and Lerner (2007) argue, these exclusionary practices may paradoxically have included marginalized groups by preventing more privileged citizens from taking charge of the process. Although, when it comes to the existence of mobilized social groups since the situation in Estonia is more similar to the United States and Canada than Brazil, it was decided that an opportunity to participate would not be limited to formal social organizations or community associations but would also be directed to individual citizens. Since it was agreed in the first session that Tartu is going to set up a pilot project on PB, it was decided that the initiative would be directed to all citizens through the self-selection method. Governance practices in Tartu have been fairly inclusive of all groups and one cannot map groups that would have been particularly marginalized. Furthermore, reflecting the notion that the ends shape the means (Demediuk et al. 2011), this particular PB initiative could be labelled as the project “learning by doing” where the number of final participants (those making a proposal or voting) is not as important as experience itself (WG Session I).

One of the most critical questions raised during the discussions concerned citizen motivation (WG Sessions I and II). Whereas in Latin America, poor people participate in PB partly to fix urgent problems (Lerner 2011) such as unpaved streets or open sewers, in Estonia these basic needs are already met and one has to engage people by using different methods. In Tartu, one strategic decision was to invest in communication management both financially and in terms of human resources. The Department of Public Administration, the entity responsible for the whole process, was promised extra funds for effective communication activities (WG Session I).

Also, a detailed communication plan was prepared in collaboration with the PR Department and the external expert and presented at WG Session III.

The discussion of which mechanisms could be used for the process was certainly influenced by previous participatory practices in Tartu (described above). Based on these experiences, it was decided that different participation mechanisms offline and online would be combined, although greater focus would be placed on online means because the citizens of Tartu have proven their preference for using online tools for participation (WG Session II). While it was generally agreed that there should be a special PB webpage for submitting ideas and that they should be published along with expert opinions on them, the most critical question raised in the discussions was the criteria for selecting the ideas. An equally important question is whether there should be face-to-face meetings and how they should be organized. As stated above, there was no plan to pre-select or segment participants in the Tartu project; instead, final decision-making would be open to all citizens. Thus, no district or neighbourhood level meetings were organized (WG Session II). Still, there should be a shared environment for reading and commenting on expert opinions and a joint event for presenting final ideas (elaborations of preliminary ideas based on expert opinions) before the citizens could select the winning one. Considering the technology-driven culture and previous practices, it was agreed that the event for presenting the ideas should be held in a small auditorium with only the PB work group, some experts and presenters of the ideas participating and that the event would then be broadcast online to wider audiences (WG Sessions II–III).

### *Deliberation*

As the previous section outlined, there is a plan to set up a shared environment for reading and commenting on the ideas and expert evaluations. This is what the deliberation variable theoretically addresses: how decisions are being made. Regarding the final decision-making and taking technical availability, e-readiness and long experience of e-voting<sup>13</sup> in Estonia into account, one suggestion made during the PB preparation process concerned the use of an e-voting system for final decision-making (WG Session I). This idea provoked a wide array of topics related to the political situation, starting with procedural questions on the possibility of connecting

<sup>13</sup> Estonia was the first country in the world where state-wide Internet-based elections took place: the local elections of 2005 and the Riigikogu elections of 2007. E-election has been possible in all elections after that with the numbers of e-voters consistently rising from election to election.

the PB process (voting on ideas) with voting in local elections in October 2013 to a sensitive discussion of political victimization. Namely, the opposition accused the majority party of “conveniently” beginning the process of PB on an election year and making the process a part of their campaign. At the same time, representatives of all fractions were invited to the PB work group and the external expert advised that this fact be communicated to the citizens as well. It has to be noted that after the first meeting the accusations of one or other party profiting from PB before elections and other similar arguments were almost non-present (WG Session I). As a result, during the second session, it was decided that the procedure of voting for PB ideas and voting at the elections would not be connected due to the restrictions in the Law of Electing Local Councils that prohibits any kind of parallel voting procedures. A separate voting procedure<sup>14</sup> was designed for PB voting, applying both traditional and online methods. The traditional method is paper-based voting at special voting polls (Public Hall in the City Hall); and development has already started on creating new functionalities to VOLIS (Information System for Councils) for online voting.

The phase that precedes the PB voting procedure in Tartu is the expertise stage when all suggestions are evaluated by the experts who produce detailed statements. The experts are officials of the City Government who are responsible for the corresponding areas of the proposals (departments of city planning, architecture, etc.). One critical aspect here is motivation of the experts/officials to do extra work. This is of utmost importance for making PB truly work, since it mostly depends on the political culture and willingness of the governing elite to contribute to the process. As noted by Herzberg (2011), giving citizens real feedback on reasoned statements to their proposals is highly significant: if this stage is carried out successfully, it creates a real break from the notion of “selective listening”.

### *Empowerment*

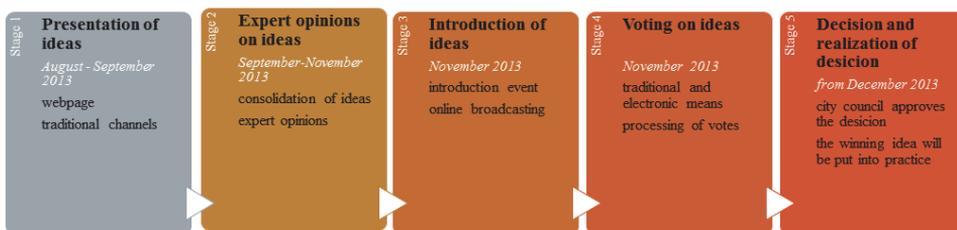
The notion of “selective listening” is something the city officials as well as the political elite were aiming to avoid. Already during the introductory seminar in 2012 on the topic of PB, there was a common understanding (that had full backing of the Mayor) that it should be obligatory to implement the decision made by the citizens. There was and still is a rather strong political will among the governing elite in Tartu to empower citizens by delegating the de facto decision-making power.

### *Managing and monitoring*

Since the formed work group operated efficiently throughout the preparation process of PB, a decision was made that the main body to manage the whole process will be the same work group. Since 2013 elections will coincide with the process and since membership is voluntary, there might be some changes in the people involved (WG Session III).

### **3.3. Tartu PB model**

As the result of numerous discussions, arguments and exchanges of ideas, the PB design in Tartu consisted of the following stages. First, from August 21 to September 10, presentation of ideas takes place (both offline and online). Everyone is eligible to present their ideas that have to qualify as investments and the cost of which should not exceed 140 000 EUR. After the stage of collecting citizens’ input, experts will analyse their respective topics, consolidate similar ideas, evaluate and comment on their estimated cost and content until October 2013. The event for presenting the ideas is planned for mid-November 2013. All ideas will be available on the city webpage and the event will be broadcast online. Finally, at the end of November, all ideas that are in accordance with the predicted budget and receive positive expert evaluations will be voted on by the citizens using both traditional and electronic means. Every Tartu resident of at least 16 years of age is eligible to vote. In December 2013 the City Council is obliged to approve the decision made by the citizens and incorporate it into the city budget.



**Fig. 1.** PB design in the City of Tartu

<sup>14</sup> The timing for PB voting also differed from local government elections. It was set for November 2013.

Comparing the Tartu PB model/design with the existing international frameworks of different PB models (see Sintomer et al. 2010) presumably requires more detailed research than the scope of this paper can offer. It can be argued, however, that in terms of citizen empowerment, Tartu the PB design (even within the limited 1% of the investments budget) is closer to the Porto Alegre model, where citizens are engaged in the co-production of the budget, than to the “selective listening” experiences worldwide. According to experts, the process has gone very smoothly so far. The project of PB was voted on on 27 June 2013 at the City Council meeting, with the plan to start its implementation on 21 August. Hopefully, local Tartu politicians understand that there is no way back and the final decision made by the citizens is binding for them. At the end of the day, participatory institutions have to complement the logic of representative democracy and it is exactly at the local level that the citizen “learns how to govern himself” (Pateman 1970, 31; Wampler 2012). As David Plotke put it: “The opposite of representation is not participation” (Plotke, 1997, 19, in Wampler 2012, 7).

#### 4. Conclusion

Participatory Budgeting, a global practice of local democracy, provides ordinary citizens with the opportunity to decide public spending. Since PB practices vary all over the world, different studies on the results of their implementation are described in the literature. This paper focuses on the process that precedes implementation, namely, the preparation stage of PB. The research looks at the challenges, choices and decisive factors of the PB preparation process. The theoretical framework outlines the main variables of the process design as well as the challenges and choices of selecting them while preparing PB. Furthermore, contextual factors that are assumed to influence the choice of a particular design/model and act as decisive factors are presented.

The empirical part is based on the case of the City of Tartu that decided to pilot a PB project in the autumn of 2013. The research revealed that one of the most critical challenges and choices of the PB preparation process is overcoming political confrontations as well as financial autonomy constraints. One decisive factor in combating political confrontations is to give the leading role to neutral and independent institutions and experts in designing the process. Furthermore, a political will to pilot the process can aid to pave the way beyond the limits of financial autonomy. Thus, neither limited financial autonomy nor the upcoming local elections ended up impeding the inception of the PB project. However,

evaluating whether and how the pilot project was used by different political parties and what the mutual effect of the two processes was it is only possible after PB is implemented. The initiators of PB also face important challenges in composing the PB decision-making body and in overcoming the issues related to extra tasks for many officials in the City Government while implementing PB. In such a context, the political culture appears to be the decisive factor in solving problems successfully. Nowadays, the array of the methods available to citizens for mobilization and participation is significantly wider due to the massive implementation of ICT in all fields of life. Tartu, having a positive contextual factor in the form of the civic culture and e-readiness decided to integrate ICT into the PB process. In terms of contextual factors, as already mentioned above, the local political and civic cultures are extremely important and need to be taken into account when preparing for PB. Among other variables of the design process they mostly influence the level of empowerment and the degree of deliberation. The latter was also determined by local e-readiness, that is, the use of ICT in voting and in presenting ideas. Finally, the participation component was partially defined by the homogeneity of the specific city.

It is still to be discovered what results the pilot PB project in the City of Tartu will bring. The hope is that it will enhance a dialogue between the citizens and the government, that it will bring new knowledge on how to improve local participatory practices in the future and that it will help learn what democracy is and how it works for the both parties, for those who are engaging and for those who are engaged.

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## Хорошее управление начинается с процессуальных изменений: исследование разработки дизайна совместного бюджетирования в городе Тарту (Эстония)

### Резюме

Совместное бюджетирование (СБ), глобальная практика местной демократии, предоставляет простым гражданам возможность принятия решений об использовании публичных денежных средств. В то время, когда многие ученые фокусируют свое внимание на описании многих вариантов СБ во всем мире, авторы настоящей статьи в качестве объекта исследования избрали предшествующий внедрению СБ процесс – этап подготовки дизайна СБ. Данное исследование выявляет трудности, опции и решающие факторы, с которыми сталкиваются политики и государственные служащие в ходе разработки модели СБ. В теоретической части данного анализа рассматриваются основные переменные процессуального дизайна СБ, а также описываются возможные трудности и опции, возникающие при выборе той или иной модели СБ. Контекстуальные факторы, в свою очередь, потенциально оказывают влияние на выбор того или иного дизайна и выступают в роли решающих аспектов.

Практическая часть исследования основывается на кейсе города Тарту (Эстония), который принял решение внедрить СБ в рамках пилотного проекта осенью 2013 года. Исследование показало, что одной из основных трудностей при разработке процесса СБ является преодоление политической конфронтации, а также финансовых ограничений. Одним из методов борьбы с данными проблемами является предоставление лидирующей роли в процессе формирования СБ нейтральной и независимой организации или экспертов. Тем не менее, судить об использовании пилотного проекта политическими партиями, станет

возможным только после его реализации. Кроме этого, инициаторы СБ сталкиваются с трудностями в структуре отвечающей за процесс СБ организации, а также с решением проблем, связанных с дополнительной работой государственных служащих. В данном контексте благоприятная политическая культура может послужить фактором, способным разрешить подобные проблемы. К тому же, на сегодняшний день спектр методов по привлечению населения к участию в публичных процессах принятия решений значительно расширился благодаря внедрению информационно-коммуникационных технологий во все сферы жизни. В Тарту имеется благоприятный контекст и э-готовность, что повлияло на решение муниципалитета использовать технологии в процессе СБ. Данные контекстуальные факторы (политическая и гражданская культура) представляются очень важными и должны приниматься во внимание при разработке процесса СБ. Помимо э-готовности, гомогенность сыграла важную роль при выборе методов участия.

Результаты пилотного проекта в Тарту послужат темой будущих исследований. Надеемся, что данный проект укрепит диалог между гражданами и государством, предоставит новые знания о том, каким образом улучшать на практике участие населения в принятии решений на местном уровне, а также поможет учиться демократии и понимать обеими сторонами (теми, кто вовлекает, и теми, кого вовлекают) механизм ее работы.

**Ключевые слова:** совместное бюджетирование, местная демократия, участие в принятии решений.

The article has been reviewed.  
Received in September 2013, accepted in October 2013.



#### Article IV

**Krenjova, J.** and R. Raudla. 2017. "Policy Diffusion at the Local Level: Participatory Budgeting in Estonia." *Urban Affairs Review*. doi.1078087416688961.



# Policy Diffusion at the Local Level: Participatory Budgeting in Estonia

Urban Affairs Review

1–29

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DOI: 10.1177/1078087416688961

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Jelizaveta Krenjova<sup>1</sup> and Ringa Raudla<sup>1</sup>

## Abstract

The existing studies on participatory budgeting (PB) have paid very limited attention to how this participatory tool has spread across local governments (LGs), what kind of diffusion mechanisms have played a predominant role, and which actors and factors have influenced its adoption. Our article seeks to address this gap in the scholarly discussion by exploring the diffusion of PB across LGs in Estonia, where it is a rather new phenomenon. Our qualitative study demonstrates that the diffusion of PB in Estonia has so far been driven by the interaction of two mechanisms: learning and imitation. We also find that an epistemic go-between, information-technological solutions, and the characteristics of the initial adopter played a significant role in shaping the diffusion process.

## Keywords

participatory budgeting, local governments, policy diffusion, citizen participation

## Introduction

Participatory budgeting (PB)—a process of citizens' involvement in the budgetary process—was pioneered in the Brazilian city of Porto Alegre at the end of the 1980s and has, by now, been widely applied all over the world, numbering at least 1,500 cases (Baiocchi and Ganuza 2014).<sup>1</sup> It has often

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<sup>1</sup>Tallinn University of Technology, Tallinn, Estonia

### Corresponding Author:

Ringa Raudla, Tallinn University of Technology, Akadeemia 3, Tallinn 12618, Estonia.

Email: ringa.raudla@gmail.com

been celebrated as the triumph of participatory democracy, as the “democratic innovation” stemming from the South, enabling the empowerment of citizens through engaging them in public decision-making processes.<sup>2</sup> The growing number of PB cases worldwide demonstrates the deficiencies of representative democracy that does not fully satisfy citizenries anymore (Geissel 2009). The notions of political distrust and citizens’ apathy are commonly used to describe the political landscape in many countries today. It is, therefore, important to find ways to combine elements of direct and indirect democracy, which is what PB as a social experiment strives to do (Novy and Leubolt 2005). Fung and Wright (2003, p. 7) categorized PB as one of the “empowered deliberative democracy” reforms that are “democratic” in their reliance on the participation of ordinary people, “deliberative” in their advancement of “reason-based” decision making, and “empowered” in their efforts to “tie action to discussion.” Thus, it is expected that PB, by integrating elements of representative and direct democracy, can, on the one hand, enhance the legitimacy of authorities, and, on the other hand, provide citizens with participation skills.

Reflecting the growing spread and importance of PB, there is an increasing body of scholarly research describing the implemented PB practices and their results (see, for example, Cabannes 2004; Franklin, Ho, and Ebdon 2009; Krenjova and Raudla 2013; Shah 2007; Sintomer, Herzberg, and Röcke 2008; Sintomer, Röcke, and Herzberg 2016; Souza 2001). Although several studies point to the “global diffusion” of PB (Ganuza and Baiocchi 2012; Goldfrank 2012; Sintomer et al. 2014), only limited attention has been paid to how this participatory tool has *diffused* across local governments (LGs) *within* a country. The literature on policy diffusion—which started with the seminal works of Rogers (1962), Walker (1969), and Gray (1973), and has since blossomed into hundreds of studies (for recent overviews, see Graham, Shipan, and Volden 2013; Shipan and Volden 2008)—can provide us with useful analytical lenses for exploring the spread of PB.<sup>3</sup> Despite the potential insights the policy diffusion literature could offer, so far only two studies (Spada 2014; Wampler 2010) have employed it for examining the spread of PB. These studies, however, have used *quantitative* approaches to explore the diffusion of PB. They have, for example, examined the impacts of party affiliation of elected officials, the wealth of the municipality, and the geographic location on the adoption of PB in the Brazilian LGs (Spada 2014; Wampler 2010). Given the rising importance and popularity of PB, however, it would also be useful to uncover—via more *in-depth* methods of *qualitative research*—what kind of mechanisms, actors, and factors drive and influence the spread of this instrument. Qualitative approaches to exploring the diffusion of PB help to shed additional light on the motives of LG officials for

adopting PB, what kind of factors are significant in affecting their decision to pursue PB, and how other policy actors (e.g., what the policy diffusion literature calls “go-betweens”) can influence the diffusion process. Exploring what kind of mechanisms have driven the diffusion of PB, in turn, can help us understand its outcomes. The policy diffusion literature has argued, for example, that policy innovations driven by the mechanism of learning can lead to more effective policies than those motivated by imitation (e.g., Tolbert and Zucker 1983).

Our article seeks to address this gap in the existing scholarly discussion on PB. We do this by exploring the diffusion of PB across LGs in Estonia. We view Estonia as a particularly useful case for exploring the spread of PB. First, it is a new democracy with, so far, limited traditions of using participatory tools at the local level. Thus, the Estonian case could provide useful insights about how PB spreads in *prima facie* relatively unfavorable conditions and what factors facilitate the diffusion of a participatory initiative in a setting where political culture does not yet entail extensive engagement of citizens in governmental decision making. Second, the relative newness of the adoption of PB tool by the Estonian LGs allows us to track the diffusion mechanisms when they are still relatively fresh in the policy actors’ minds.

Indeed, PB in Estonia is a rather new phenomenon, launched first by the city of Tartu in spring 2013. The topic was introduced to the Tartu city authorities and later on consulted by an Estonian nongovernmental organization (NGO)—e-Governance Academy (eGA) Foundation. A couple of years later, this policy instrument has spread all over the country, numbering 14 LGs in Estonia, as of January 2016. Our article aims to answer the following research questions:

**Research Question 1:** What mechanisms have driven the interdependent spread of PB among Estonian LGs?

We are particularly interested in whether the diffusion has been driven by the mechanisms of imitation, learning, competition, or coercion—and whether the predominant mechanism of diffusion has changed over time.

**Research Question 2:** Which factors and actors have stimulated the diffusion process?

We are interested, *inter alia*, in what role the modern technologies (in particular the IT solutions available to the Estonian LGs) have played in the diffusion process. The empirical study uses qualitative methods (analysis of legal and policy documents, observation of procedures, and semistructured interviews with public officials) to answer these research questions.

The article is structured as follows. First, in the “Theoretical Framework” section, we develop a theoretical framework, which draws on the literature of policy diffusion to outline the typology of diffusion mechanisms and to discuss the factors that shape the diffusion process. The “Findings” section reports the findings of our empirical study and discusses their implications in light of the theoretical propositions on policy diffusion. The “Conclusion” section summarizes the results of the study.

## Theoretical Framework

Diffusion has been defined as “any pattern of successive adoptions of a policy innovation” (Eyestone 1977, p. 441). However, it has been acknowledged that diffusion can occur without any interdependency among actors (e.g., because of the common contextual effects) (Gilardi 2003; Meseguer 2006). Therefore, Gilardi (2003) distinguished between spurious and interdependent diffusion. Whereas the former is the outcome of independent actors reacting to similar pressures, the latter is a result of the influence from others. In this article, we focus on interdependent policy diffusion, whereby “one government’s decision about whether to adopt a policy innovation is influenced by the choices made by other governments” (Graham, Shipan, and Volden 2013, p. 675). The definition of policy diffusion leaves open the questions of *why* and *how* policies diffuse (Graham, Shipan, and Volden 2013). Hence, one of the main research areas in the policy diffusion literature is the diffusion mechanism, which can be characterized as “a systematic set of statements that provide a plausible account of why the behaviour of A influences that of B” (Braun and Gilardi 2006, p. 299).

In the following discussion, we outline the core theoretical insights of the policy diffusion literature about the mechanisms of diffusion and the impact of various actors and factors on the process. Although the arguments developed here are general (i.e., relevant for any policy innovation), the conjectures and propositions about the mechanisms of policy diffusion and the role of various actors and factors in the process can be expected to be applicable to the diffusion of PB across LGs as well.

The numerous studies that have explored the process of policy diffusion have used various terms to capture the different mechanisms at play<sup>4</sup> and also attempted to develop typologies of diffusion mechanisms (e.g., Braun and Gilardi 2006; Douglas, Raudla, and Hartley 2015; Gilardi 2003; Graham, Shipan, and Volden 2013; Karch 2007). The most often used typology distinguishes between four mechanisms of diffusion: learning, imitation, competition, and coercion.

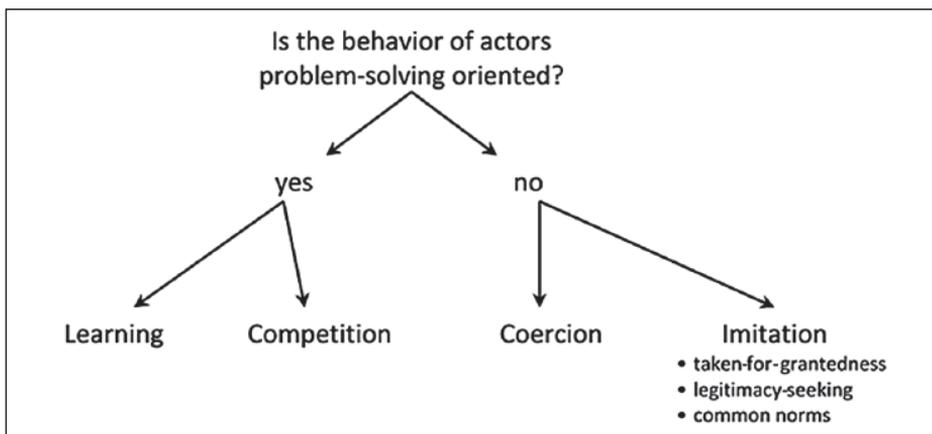
*Learning*, one of the most popular diffusion mechanisms referred to in the literature, is an elusive concept subject to extensive theorization (Meseguer 2006). In terms of diffusion processes, it is often stated that learning takes place when policy actors update their beliefs about the effectiveness of a policy based on the experience of other jurisdictions (Braun and Gilardi 2006; Meseguer 2006). By observing the adoption of a policy and its impacts, policy makers in a given jurisdiction can learn from the experiences of others (Shipan and Volden 2008). In other words, we can speak of learning as a diffusion mechanism when the behavior of jurisdiction A has an impact on that of jurisdiction B because it “conveys relevant information about policy choices” (Braun and Gilardi 2006, p. 299). When the adoption of a policy innovation is driven by learning, officials seek to assess whether a policy innovation used elsewhere would help them address specific problems in their jurisdiction (Shipan and Volden 2008).

In the case of *imitation*, policy makers do not alter their beliefs about the efficacy of policies. Instead, they adopt a policy innovation because it helps them to enhance their reputation and legitimacy or because it has become the norm.<sup>5</sup> The goal of the jurisdiction here is to raise its profile and receive reputational payoffs (Douglas, Raudla, and Hartley 2015). In the case of imitation, the adopter jurisdictions may view the policy innovation as a “stamp of legitimacy,” meaning that it is “deemed acceptable by other policy makers” (Martin 2001, p. 477). Thus, the adoption of the policy instrument would allow the jurisdiction to demonstrate that it is acting in a proper and adequate manner (Braun and Gilardi 2006).

*Competition* (sometimes referred to as competitive interdependence) drives policy diffusion when the adoption of a policy by one jurisdiction creates policy externalities that have to be taken into account by other jurisdictions (Braun and Gilardi 2006; Simmons and Elkins 2004). When the adoption of a policy in jurisdiction A creates spillovers for jurisdiction B, the latter might respond to this by adopting a policy that takes into account these externalities (Füglister 2012).

Finally, *coercion* is present in the majority of the theoretical discussions on the mechanisms of policy diffusion. It implies that a coercive actor uses sticks and carrots, for example, in the form of grants and regulations, to induce the government to adopt a particular policy (Douglas, Raudla, and Hartley 2015).<sup>6</sup>

Figure 1 provides a schematic overview of the four main mechanisms of policy diffusion. Taking the perspective of Gilardi (2003), the mechanisms can be distinguished on the basis of their problem-solving orientation. Learning and competition are geared at problem solving, whereas imitation and coercion (at least in the eyes of the adopter) are not. Imitation encompasses such



**Figure 1.** Diffusion mechanisms.

Source. Krenjova and Raudla, drawing on Braun and Gilardi (2006) and Gilardi (2003).

mechanisms as taken-for-grantedness, legitimacy-seeking, and common norms (Braun and Gilardi 2006; Gilardi 2003). It is worth emphasizing here, however, that diffusion mechanisms are often interrelated and hard to disentangle; they are often viewed as complements rather than substitutes (Graham, Shipan, and Volden 2013). In particular, there can sometimes be a rather vague line between learning and imitation. For example, some authors claim that learning does not need to be exclusively about policy effectiveness; policy makers may want to learn about policy's political viability or implications for reelection. They might learn not only from policy but also from political outcomes, in which case the boundary between imitation and learning becomes somewhat blurred (Gilardi 2010; Graham, Shipan, and Volden 2013).

The mechanisms that play a role in the diffusion of a policy innovation also depend on the *characteristics* of a policy at hand. Nicholson-Crotty (2009) argued that such policy characteristics as *salience* and *complexity* of a policy influence whether policy makers decide to forgo a more detailed gathering of information about a policy (i.e., policy learning) and opt for a more immediate adoption of the policy. Thus, policy innovations characterized by high salience and low complexity are more likely to diffuse rapidly. Also, he argued that in cases where the initial adopter has a history of innovativeness, the policy is likely to be adopted quickly by others. This implies that the *reputation* of an initial adopter can play an important role in the decision about “skipping” learning.

As emphasized in the existing scholarly discussion on policy diffusion, even if we look at the same policy innovation, the underlying mechanisms of its diffusion may *vary over time*. On one hand, it has been observed that while

“early adopters” of the policy innovation are often driven by learning, for the “late adopters,” imitation is likely to be a more important mechanism (Simmons and Elkins 2004; Tolbert and Zucker 1983). On the other hand, it has been argued that the effect of learning should increase over time as more evidence about the effects of the policy innovation become available (Gilardi, Füglistner, and Luyet 2009).

Recent literature has pointed to the importance of different actors in the macro environment of jurisdictions who are able to influence diffusion mechanisms. Graham, Shipan, and Volden (2013) differentiated between *internal actors*, *external actors*, and *go-betweens*. The last group can, in turn, be divided into *top-down* and *epistemic go-betweens* (Douglas, Raudla, and Hartley 2015). Internal actors are those inside the governments that consider the adoption of the policy (i.e., elected politicians, bureaucrats). External actors are those governments that already adopted the policy, and go-betweens are actors that act across multiple jurisdictions (Graham, Shipan, and Volden 2013). The top-down go-betweens exert top-down pressure on the lower-level jurisdictions, and epistemic go-betweens—in the form of professional associations, think tanks, and advocacy groups—diffuse knowledge and evidence about the policy through conferences, publishing manuals and books, and lobbying governments (Douglas, Raudla, and Hartley 2015; Karch 2006). Stone (2000), for example, had looked at the role of think tanks in the process of policy transfer and argued that their importance lies in the ability to diffuse ideas by acting as a clearing house of information, as advocates of policies, by networking and by providing expertise on specialized policy issues. She argued that the prime importance of a think tank in the diffusion of a policy process is in “the construction of legitimacy for certain policies and in agenda-setting,” and it is usually part of the think tank’s mission to analyze the developments abroad and their applicability to local conditions (Stone 2000, p. 66). However, think tanks are very dependent on formal political actors, who are responsible for the actual adoption of the policy. Hence, the knowledge that think tanks provide is not a sufficient condition for diffusion to occur. Stone emphasized that their impact on policy diffusion is conditioned by “the technical feasibility, value acceptability, budgetary constraints and the degree of political support or opposition” (Kingdon 1984, p. 21).

In all the institutional entities mentioned above, an important role can be played by individual “policy entrepreneurs.” Kingdon (1984, p. 129), who was one of the first scholars who used the term “entrepreneur” in the context of public sector, defined policy entrepreneurs as “advocates for proposals or for the prominence of ideas.”<sup>7</sup> In contrast to other actors and organizations that participate in the policy making, policy entrepreneurs have the desire “to significantly change current ways of doing things in their area of interest”

(Mintrom and Norman 2009, p. 650). Thus, policy entrepreneurs are individuals who seek to promote policy change and are willing to invest their resources of expertise and persistence to pursue the adoption of a policy innovation (Mintrom 1997; Mintrom and Norman 2009). Policy entrepreneurs can facilitate the adoption of policy innovations by identifying problems, highlighting the failures of current policies, building coalitions to promote change, and undertaking demonstration projects (Brower and Biermann 2011; Mintrom and Norman 2009).

In the following section, we use the analytical framework developed above for examining the diffusion of PB across LGs in Estonia. Thus, we will be focusing on the following sets of questions: First, what mechanisms have driven the interdependent spread of PB among Estonian LGs? Has the diffusion been driven predominantly by imitation, learning, competition, or coercion—or a combination of these mechanisms? Has there been a shift of a predominant mechanism over time (e.g., from learning to imitation)? Has the PB model used by early adopters (e.g., its salience and simplicity) influenced the diffusion process among later adopters? Did the reputation of the early adopter(s) shape the diffusion mechanism(s) among later adopters? Second, which factors and actors have stimulated the diffusion process? In particular, was the diffusion of PB among LGs in Estonia facilitated by any go-betweens (e.g., think tanks or NGOs) and policy entrepreneurs? If yes, what role did they play?

## Findings

### *Background About LGs in Estonia*

Independent LGs were reestablished in Estonia in the early 1990s, when most of the legislation on LG and its finances were written. The Constitution of the Republic of Estonia (1992) states in §154 the right of local authorities to manage local issues: “All local issues shall be resolved and managed by local governments, which shall operate independently pursuant to law.” It can be argued, however, that the actual financial autonomy of the LGs in Estonia is rather limited: They are almost fully dependent on central government transfers in the form of shared taxes or grants. The (share of the) personal income tax and grants from the central government make up 70% of LG revenues (Sannik and Jõgi 2011). In administrative-territorial terms, Estonia is divided into 213 municipalities (30 cities and 183 rural municipalities). There is a great variation in size: The largest is the capital city Tallinn with a population around 440,000, while two-thirds of LG units have less than 3,000 inhabitants.<sup>8</sup>

## *The Adoption of PB in Estonian LGs*

The topic of PB was first introduced to the decision makers in Estonian LGs in the autumn of 2011 in the framework of the project “Participatory Budgeting in Local Governments”<sup>9</sup> implemented by eGA.<sup>10</sup> The project was focused on the elaboration of the PB model for the Estonian conditions and its introduction to LGs in Estonia. Its activities included the analysis of the international PB experience, the development of a suitable PB model for Estonia, consultation with stakeholders and adaptation of the model, publishing and dissemination of PB manual, and conducting seminars on the topic.

After a discussion seminar in December 2011, the talks about a pilot project in Tartu were revived in spring 2013. The city of Tartu, located 185 km south of Tallinn with a population of roughly 100,000 residents, is the second largest city in Estonia. It became the first city in Estonia to try PB and decided to allocate 1% of its investment budget through PB. The preparation process of the PB pilot project in Tartu was led by eGA (Krenjova and Reinsalu 2013). Although initially, only the city of Tartu showed interest in adopting PB, soon after Tartu’s experiences with PB received nationwide attention, other LGs decided to jump on the bandwagon. By January 2016, 14 municipalities in Estonia have already implemented the PB initiative. Table 1 and Figure 2 give an overview of these cases. As Table 1 indicates, PB has been adopted by larger and medium-sized municipalities: None of the LGs with PB have less than 2,000 inhabitants. As of January 2016, one city (Tartu) has implemented three rounds of PB (one per each fiscal year), three cities have had two iterations, and the remaining have had one.

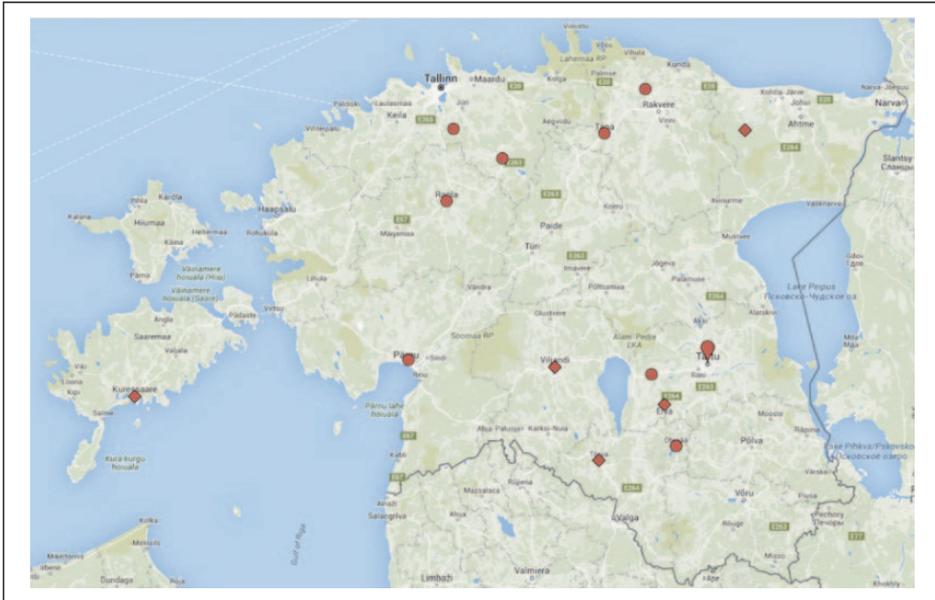
The PB models used by the Estonian LGs have minor procedural differences. Variations concern the amount of money allocated for PB, the characteristics of the voting procedure (open vs. closed, the number of votes per participant, and the electronic platform used), and the duration of the process. The general model consists of the following stages. First, the local authorities decide upon the amount of money to be provided for PB from the local budget. As seen from Table 1, this sum can range from 140,000 to 5,000 EUR, which constitutes only a small fraction of a local municipal budget. Second, the gathering of ideas from the residents on how to spend the PB budget takes place. Third, the submitted ideas are analyzed and discussed in one or several phases, depending on the municipality. For instance, the analysis and the discussion of the submitted ideas in Tartu last approximately one month: The initial expert analysis that focuses the technical feasibility of the project proposals (e.g., whether the budget of the proposal is realistic) is followed by open thematic forums, where proposed ideas are discussed by citizens and experts in the field. Fourth, the residents vote on the selected ideas. The

**Table 1.** PB Cases in Estonian Local Governments.

Local Government (Cities and Parishes)	Population	The Initiator of PB	Inception of PB (Year)	Amount of Money for PB (EUR)	Voting Method KOVTP/Paper	Turnout (%) Last PB Voting	% of Total Budget
Tartu City	98,332	eGA	August 2013	140,000	VOLIS + on paper	4.7	0.09
Kuressaare City	13,009	Electoral campaign 2013	April 2014	30,000	VOLIS + on paper	3.8	0.15
Elva City	5,666	Electoral campaign 2013	October 2014	10,000	Only VOLIS	4.6	0.11
Viljandi City	17,549	Head of the Parish Council/eGA	October 2014	30,000	VOLIS + on paper	5.1	0.13
Tõrva City	2,690	Electoral campaign 2013	December 2014	10,000	KOVTP + on paper	3.1	0.26
Lüganuse Parish	2,941	Parish elder	December 2014	20,000	Digital signature + on paper	5.1	0.58
Tapa Parish	7,739	Parish elder	January 2015	15,000	Only on paper	5.7	0.18
Puhja Parish	2,219	NA	February 2015	5,000	VOLIS	NA	0.15
Rapla Parish	9,051	Parish Council (Coalition)	April 2015	30,000	KOVTP + on paper	3.4	0.19
Otepää Parish	3,727	Parish elder	August 2015	8,000	KOVTP + on paper	2.7	0.14
Kose Parish	7,209	Parish Council (Opposition)	September 2015	10,000	KOVTP + on paper	2.5	0.11
Pärnu City	39,784	City Government	October 2015	30,000	VOLIS + on paper	2.2	0.05
Kiili Parish	5,229	Head of the Parish Council	December 2015	15,000	KOVTP + on paper	13.2	0.19
Halljala Parish	2,441	Parish elder/eGA	January 2016	7,500	KOVTP + on paper	4.7	0.26

Source: Krenjova and Raudla, drawing on the interviews, websites of LGs, Statistics Estonia (population data as of June 5, 2015), State Gazette, personal communication over email (Krenjova, 21.04.2016, 24.05.2016, 25.05.2016).

Note: PB = participatory budgeting; eGA = e-Governance Academy; VOLIS = Estonian acronym for “information system for local councils” (volikogu infosüsteem); KOVTP = Estonian acronym for “service portal for a local government” (kohaliku omavalitsuse teenusportaal).



**Figure 2.** The spread of PB in Estonia (January 2016).

Source. Google maps. Adjustment by Krenjova and Raudla.

- 📍 Indicates the initial adopter in August 2013
- ◆ Indicates emerged PB cases in 2014
- Indicates emerged PB cases in 2015 and in January 2016

Note. PB = participatory budgeting.

voting takes place via e-tools (KOVTP and VOLIS) as well as on paper. The average turnout has so far been 2.5%, which is rather low and points to one of the major challenges PB faces in Estonia. Finally, after the winning project is picked by the voters, the local authorities proceed with the implementation of the winning idea.

As PB is a rather new practice in Estonia, only preliminary remarks can be made about where the Estonian model fits in the taxonomy of PB models elaborated by scholars in the field. Sintomer et al. (2014) distinguished between six models of citizen participation: participatory democracy, proximity participation, participatory modernization, multi-stakeholder participation, neo-corporatism, and community development. Broadly speaking, the Estonian PB model can be viewed as a hybrid of the first three. Even though the voting results are *binding* for the local authorities (i.e., citizens do have a direct decision-making power) like it is in the case of the pioneering Latin-American PB models, the marginal proportion of the overall budget they can decide upon (as indicated in Table 1) and the lack of social justice criteria make the Estonian version of PB different from these exemplary PB models.

Thus, we would be hesitant to categorize it as belonging fully to the category of “participatory democracy.” The Estonian PB model also includes elements of “proximity participation,” like dealing with small issues as well as having a low degree of politicization and mobilization. This model is focused on improving communication between citizens and local authorities, which is also one of the foci of PB in Estonia. On some dimensions, PB in Estonia is also similar to the “participatory modernization” model, which focuses on good management and increased legitimacy and is influential in Germany (Ruesch and Wagner 2014). Both proximity participation and participatory modernization models, however, are based on “selective listening,” that is, they have only consultative value, which is not the case in Estonia, where the citizens’ vote is binding. The case of Tartu, which has a more elaborate PB procedure than the other LGs and tries to involve different stakeholders through discussion forums, has the potential to move closer to the multi-stakeholder participation model, which is popular in Eastern Europe. For example, the version of PB used in Sopot, Poland, as described by Kęłowski and Van Criekingen (2014), is similar to PB in Tartu, though there are some significant differences with regard to the preselection of proposals by the local authorities. In the other LGs in Estonia, the public deliberation part of the PB procedures is mostly limited to the public presentation of proposals by the citizens; few LGs have discussion meetings or forums engaging citizens. Deliberation is, however, enabled by the electronic platform VOLIS, where, in addition to casting their vote, citizens can also publicly submit their own proposals and comment on the others, which, in principle, enables at least some online deliberation.

### *The Diffusion of PB in Estonia: Mechanisms, Actors, and Factors*

To explore the mechanisms behind the diffusion of PB in Estonia and to identify the factors and actors that contributed to the spread of this instrument, semistructured face-to-face and telephone interviews were conducted with LG officials from 13 (out of 14) municipalities implementing PB in Estonia by January 2016. While 12 of the interviews were conducted between January 2016 and April 2016, the interview with the officials of Tartu took place in February 2015. We approached the municipalities with the request to conduct an interview with the person who has the most information about the PB process in the given city/parish. Hence, in the majority of cases, we interviewed one person per municipality, except for two cities, where the interviewee decided to involve another official knowledgeable about the process. Unfortunately, we did not receive access to 14th municipality, which is why our interviews cover 13 out of the 14 cases. In terms of composition, 64% of

the interviews (nine cases) were conducted with elected officials and the remaining with civil servants.

The interviewees were asked about the PB procedure they adopted, how they found out about PB in the first place, who initiated it, what goals and motives drove its adoption, and what factors facilitated and hindered the adoption. The interviews were transcribed and coded independently by the two authors.

Relying on interview data and the perceptions of LG officials is certainly a major limitation of our study because it allows for a social normativity bias in reporting on the motives and goals of adopting PB. However, due to guaranteed anonymity, we received many frank answers during interviews, which leads us to believe that the bias is not excessive.

*Diffusion mechanisms of PB in Estonian LGs.* All respondents admitted that the example of Tartu was the primary source of information about PB, and for most of them, Tartu was the main case they were referring to when designing their own procedure. The media coverage of the first PB in Estonia was extensive,<sup>11</sup> and, hence, all municipalities were aware of the emerging initiative in Tartu through newspapers, radio, and TV. Therefore, according to most of the interviewees, the initial idea to implement PB in their own municipality came from the example of Tartu.

When asked about the reasons and motives behind the decision to adopt PB, almost all the respondents stated that an important goal was to involve citizens in local decision making and to get to know their worries and problems. In the words of one interviewee, “The elections are every four years, but PB allows asking for citizens’ opinions every year . . . It allows us to find out what the residents really want” (Interview F 2016). Or, as another put it, “Here in the local government, the officials may not always know what ordinary citizens want, what their main concerns are . . . It allows us to map the existing problems and gather additional ideas” (Interview B 2016). There was, however, one interviewee who noted, “Ideally, we would hope that through PB the residents propose a project that we were planning to undertake anyway” (Interview C 2016).

When asked further about the motives that led to the adoption of PB, several interviewees pointed to the low level of citizens’ involvement and participation in LG affairs. It was noted, for example, that the inhabitants have shown only limited interest in taking advantage of the participatory options open to them in the past (e.g., participating in public discussions over the long-term development plans and multiyear budget strategies and submitting their opinions about city planning) (Interview A 2016; Interview F 2016; Interview H 2016; Interview I 2016; Interview J 2016). Thus, it was hoped

that the adoption of PB would help to address this problem and that giving the citizens the chance to decide directly on the allocation of money would make participation more attractive for them. As one of the interviewees put it, “Perhaps PB—by allowing citizens to decide over finances – creates a habit of being more engaged” (Interview J 2016).

The citizens have become increasingly alienated from what the city government does and lost the sense of community. Their interest in city planning, for example, is very low. The hope was that PB would help to bring the city government closer to the citizens . . . and also to make citizens think what is needed in the city. (Interview I 2016)

We hoped that PB would activate the inhabitants and also allow us to collect information about their preferences regarding investments. . . . PB would help to develop the attitude that “who is active” will get their preferences implemented. (Interview K 2016)

People often think that they have their own life and the city government lives its own life . . . Nobody comes to us spontaneously, in order to tell us what they want. . . . PB allows us to overcome such a gap—people can see that their wishes can actually be realized. (Interview A 2016)

Three of the interviewees also pointed to the *educational* role of PB for the citizens. One of them mentioned that PB allows the municipality to educate the citizens about “the scarcity of resources” (Interview F 2016). An interviewee from another city (an early adopter) explained,

It is a pedagogical tool to teach citizens about the use of public resources—how it should be transparent, understandable and if you propose an idea you are responsible for it as well . . . It is not so that you can just propose it and then run away. . . . It also helps to teach the citizens that in order to achieve your goal, you need to cooperate. (Interview D 2016)

PB makes citizens think more systematically about the consequences of different spending proposals. (Interview I 2016)

In many cases, however, especially among the later adopters, the interviews indicated that the adoption of PB was primarily driven by motives of “following the trend,” enhancing legitimacy, and increasing “prestige”—features more characteristic to imitation rather than learning. As one of the interviewees put it, “Others are already doing it, so we want to do it as well” (Interview J 2016). Another stated, “It was a trendy thing, seemed new and cool, so we decided to adopt it as well” (Interview F 2016). Also, one of the respondents claimed that

as PB had already reached their county, they decided “to go with the flow” (Interview H 2016), while another respondent, when recalling how PB emerged in their LG, suggested that the journalist of the local county newspaper provoked the initiation of PB by asking if their LG is implementing PB too - “I think it was one of the journalists who asked, whether we are doing it too, and I answered, of course we are, and included it into the budget.” (Interview J 2016).

Several interviewees also conceded that by adopting PB, they could improve the image of an LG in the eyes of citizens because it creates the appearance of being an innovative local authority. As one of the interviewees put it, “Using PB allows us to create the image of being progressive and innovative” (Interview H 2016). In the words of another, “Using PB certainly enhances our prestige—it shows that we are an innovative city, willing to try out new things” (Interview L 2016). In one case, the interviewee even explained that PB was adopted to “make up” for a corruption scandal that had forced the parish elder to resign: It was viewed as an instrument for restoring some trust and showing that “things are done differently now” (Interview C 2016). In another case, the adoption of PB was linked to increasing the rate of the land tax: “The adoption of PB helped us to justify the increase in the tax rate—then we could argue that the additional revenues from the land tax would be used for financing the PB project(s)” (Interview H 2016).

With regard to motives related to competition, some of the interviewees did agree that PB can enhance the competitive advantage of the LG. For example, “If we let the citizens decide over a portion of a budget and others don’t, then it does give us a competitive advantage” (Interview L 2016). In none of the cases, however, was it viewed as a predominant trigger behind the adoption decision and even when it was mentioned, this factor appeared to have played only a minor role. Coercion was not mentioned by any interviewee as a motive behind the adoption of PB.

Table 2 gives an overview of the diffusion mechanisms that could be observed in different cases. In line with the theoretical expectations, we can see that the importance of imitation as a diffusion mechanism has increased over time and appears to be a more important motive for the later adopters (compared with the earlier ones). At the same time, the table also reflects that in several cases, the motives related to learning and imitation—that is, the attempts to solve the problem of limited participation and enhance the image and/or follow the trend—were mentioned in the same interview, indicating that diffusion may be driven by a *combination* of factors that interact. In several cases, the interviews indicated that although the primary trigger behind the adoption of PB (especially among the later adopters) were factors associated with imitation

**Table 2.** Diffusion Mechanisms in PB Cases in Estonia.

Local Government	Learning	Imitation	Competition	Coercion
Kuressaare (April 2014)	++	0	0	0
Viljandi (October 2014)	++	0	0	0
Elva (October 2014)	++	+	0	0
Tõrva (December 2014)	+	++	+	0
Lüganuse (December 2014)	+	+	0	0
Tapa (January 2015)	+	0	0	0
Rapla (April 2015)	+	+	+	0
Otepää (August 2015)	+	++	0	0
Kose (September 2015)	+	+	0	0
Pärnu (October 2015)	+	+	0	0
Kiili (December 2015)	0	++	0	0
Haljala (January 2016)	+	++	0	0

Source. Krenjova and Raudla.

Note. 0 indicates that the mechanism did not play a role in the adoption of PB. + indicates that the mechanism played at least some role. ++ indicates that the mechanism played a strong role. PB = participatory budgeting.

as a diffusion mechanism, the contemplation of PB also led to a more conscious acknowledgment of the preexisting problem(s) of citizens' passivity and limited participation (i.e., learning).

When it came to deciding *which model* to adopt, all of the LGs in Estonia used the example of the pioneer—Tartu—in deciding on how to implement PB. As one of the interviewees noticed, if one looks at the procedural acts governing the use of PB in different LGs, they are rather similar, “it seems as if the act of Tartu was taken and changed a bit in accordance with the local conditions” (Interview G 2016). At the same time, we can also observe that when elaborating on the PB procedure for their own municipality, the early adopters only looked at Tartu (Interview D 2016; Interview I 2016), but as PB spread to further LGs, some of the late adopters investigated the procedures of other LGs as well. Some also pointed to other LGs in their *county*<sup>12</sup> that served as examples for them (Interview H 2016; Interview J 2016). As all information on PB is available online (both on the websites of LGs and in the electronic State Gazette<sup>13</sup>), the analysis of the formal procedures of PB in Estonian LGs is rather unconstrained and was, hence, used as the primary method of gathering information about PB by all respondents.

However, most of the interviewees also mentioned that they tried to analyze the shortfalls of the format used by Tartu and also made conscious efforts to adjust the PB to local conditions (like the size of the municipality). Some

have experimented with the voting procedure (in terms of whether the results are observable in real time or after the voting is closed) (Interview I 2016) and the source of PB funds (e.g., increase in land tax) (Interview H 2016). The majority of the cases have shorter implementation periods than Tartu (the shortest being 1.5 months) but some LGs are considering prolonging this period (Interview D 2016) and are also looking into how to time the procedures better to encourage participation and voting (Interview K 2016). Some interviewees also pointed to potential adaptations to the object of proposals (e.g., proposals could also be made for organizing an event or providing a service rather than only for an investment) and to the possibilities of allowing citizens the opportunity to co-fund a proposal if it exceeds the sum allocated to the PB budget (Interview G 2016). Thus, we can again witness an interaction of *learning* and *imitation* taking place in the diffusion of PB in Estonia. While learning was somewhat limited, in the sense that the later adopters *only* looked at Tartu (and other early adopters in Estonia) rather than any other PB possibilities (from other countries, for example), there were still attempts to critically assess the pros and cons of the specific model adopted by Tartu (and other early examples) and to adjust the specific format to the local conditions. In two cases, the interviewees mentioned that after PB had been adopted in the LG, they personally looked closer into the topic of PB and read up on experiences from elsewhere (in Brazil in particular) (Interview G 2016; Interview K 2016).

In line with the theoretical predictions discussed in the “Theoretical Framework” section, we can observe that the *reputation of the early adopter(s)* and the *characteristics of the policy innovation* (salience and complexity) played a role in the diffusion of PB across LGs in Estonia. The first adopter—the city of Tartu—positions itself as “the city of good thoughts” and the “intellectual capital” of Estonia. It houses the Supreme Court of Estonia and the Ministry of Education and Research as well as the University of Tartu, which is the biggest and the oldest university in Estonia.<sup>14</sup> Tartu also has the reputation of an innovative city in e-governance and citizens’ engagement. For example, it has been involving citizens in decision-making processes on many local matters starting from everyday local issues (e.g., citizens as creators of tourist brochures) to the usage of e-tools (in particular, social media) in the preparation of public transportation tenders and the spatial planning of the city center (Krenjova and Reinsalu 2013). The outstanding reputation of Tartu does appear to have contributed to the rapid diffusion of PB as well as to the decision “to skip” learning (at least in some cases) by other LGs. Furthermore, the literature on policy diffusion suggests that policy innovations with *high salience* and *low complexity* are more likely to diffuse rapidly as well as induce the policy makers to immediately adopt the policy without

detailed gathering of information (Nicholson-Crotty 2009). The very broad international conceptualization of PB as a policy innovation enabled Tartu to adopt a rather “simple” version of PB, which certainly facilitated its diffusion to other LGs. According to the interviews, PB is perceived by approximately half of the respondents (with a majority of the late adopters) as a rather “easy” tool for engagement. The interviewees also reported that the implementation of PB does not cause any drastic increases in the workload. Furthermore, as PB practice is rather new to Estonia, the salience of this topic—as reflected also in the extensive media coverage—is high, which according to our interview data has certainly facilitated the diffusion of PB.

*Actors and factors influencing PB diffusion in Estonia.* Except for Tartu, where PB was initiated by the NGO, in all other LGs, *internal actors* initiated the process: either the head of or a member of the local council, parish elder or a member of the LG. Also, there were three instances when PB was part of the electoral campaign in the 2013 local elections and was later incorporated into the coalition agreement. It is noteworthy, however, that two other respondents (besides Tartu) mentioned the NGO (eGA) when referring to the initiation of the process. One of the interviewees was in frequent communication with an expert from eGA during another project (Open Government Partnership in Local Governments),<sup>15</sup> which was focused on the enhancement of the capacity of LGs in Estonia to implement open, transparent, and engaging governance. Participation in this project partially influenced the decision to adopt PB (Interview H 2016). eGA also introduced the concept of PB and the experience of the pilot project in Tartu at a council meeting in another LG, which later became one of the early adopters of PB. The decision makers of that city received consultations from eGA before the adoption of PB in their own municipality as well as after it. As the respondent claimed, the NGO played a large role also during the second year of implementation, when the municipality had already gained some PB experience and was able to ask for more advice (Interview D 2016).

Hence, looking at the actors that might have stimulated PB diffusion (external, internal, and go-betweens), the role of the *epistemic go-between*—eGA—is clearly observable. In 2011, eGA started to share the knowledge and to spread the idea about PB among LGs in Estonia by conducting seminars and publishing the manual that introduced the concept to Estonian LGs in the framework of its project (Interview M 2015). It has to be noted, however, that initially the idea of this project came from the founder of eGA, Mr. Ivar Tallo, who was in turn introduced to this concept by Prof. Alexander Trechsel from European University Institute in Italy. However, when it comes to PB implementation and knowledge diffusion on the national scale in Estonia, eGA has

played a profound role. It initiated and consulted the implementation process of the pilot project of PB in Tartu in 2013 and advised on further adaptation of the PB process during the next PB cycles. eGA has also introduced the concept of PB, presented the initial PB experience of Tartu, and indirectly influenced the decision of the PB adoption through its Open Government project activities in two other LGs. Therefore, eGA (with its experts) can also be considered as a policy entrepreneur who was promoting policy change in budgeting at the local level and facilitated the adoption of a new policy instrument. Furthermore, by publishing analytical reports and providing information on the first PB experience in Tartu, eGA played the role of the facilitator of learning.

PB diffusion in Estonia was clearly influenced by *external actors*: other LGs that had already implemented PB. As already mentioned, the most influential external actor was the city of Tartu, which was the main reference of all respondents. The first LGs to implement PB among other LGs in their county also stimulated the diffusion of this initiative. In this regard, it can be argued that Tartu being the main reference case for other LGs played an important role in making PB diffusion more rapid because it *legitimized* the rather small amount of money used for PB. The small PB budget is likely to have stimulated the spread of PB among late adopters, some of which claimed that there was no real controversy about the adoption of PB, as the amount of money is not that large (Interview B 2016; Interview C 2016).<sup>16</sup>

Among the factors that were conducive to the adoption of PB mentioned by respondents was the availability of the electronic platform and infrastructure for online voting.

Online voting in the PB procedures in Estonia is conducted through either of the two available information systems: KOVTP or VOLIS, both of which are available for LGs for a fee.<sup>17</sup> These systems were developed by a private company and funded initially through European Structural Funds with subsequent financial support from the Estonian government. KOVTP (Estonian acronym for “service portal for a local government” – “kohaliku omavalit-suse teenusportaal”) is a service portal for LGs that offers a website solution with a specific layout of information and an interface with many applications. VOLIS (Estonian acronym for “information system for local councils” – “volikogu infosüsteem”) is the information system for municipal councils and governments that enables them to conduct meetings and sessions online.<sup>18</sup> It should be noted that KOVTP is a much more popular (and cheaper) system being used by approximately 150 LGs, while VOLIS has 25 active clients (Interview N 2016). Both of the systems have a separate functionality (module) for public voting via ID card<sup>19</sup> as well as the function to automatically check the residency of the voter according to the population register.<sup>20</sup>

However, while PB functionality in VOLIS was elaborated specifically for the PB pilot project in Tartu, funded by Tartu city government, and has required features of security for personal and voting data, the voting enabled by KOVTP was designed for conducting public polls only. Hence, the latter, for instance, does not prevent double voting, which implies that the municipality has to check the voting data (presented in Excel) and manually delete the double voters (Interview N 2016).

While some of the LGs saw the existence of these e-tools as a comfortable way of organizing PB voting and enhancing transparency of the procedure (e.g., Interview B 2016; Interview G 2016; Interview J 2016), one of the respondents stressed the limited accessibility of one of the e-tools—VOLIS. According to the interviewee, there is no opportunity to purchase the separate PB module of VOLIS, because the owner of the system is not selling separate functionalities. However, purchasing the whole system (VOLIS) to perform online PB voting alone is clearly not reasonable and not affordable for small municipalities. The respondent argued that the nonavailability of decent e-tools for online voting is the main barrier for extensive diffusion of PB in Estonia, as the usage of KOVTP for PB is not the “correct” way to implement it. “The state,” as the interviewee put it, “was not able or did not want or could not provide the needed electronic channels free of charge for organizing it (PB)” (Interview L 2016).

Among the factors influencing the spread of PB, the level of financial resources at the disposal of an LG was also mentioned. One of the interviewees argued that the availability of financial resources was the conducive factor of PB adoption: “We became richer and life became better. Today we are not in the situation when we have to count every cent” (Interview C 2016). Conversely, the lack of financial resources was also viewed as a possible factor that could hinder the adoption of PB (Interview C 2016; Interview E 2016; Interview F 2016). As one of the respondents claimed, other LGs and especially smaller ones have to be aware that there is probably a minimum amount of money required for PB budget, below which the whole process might become meaningless (Interview F 2016). Taking into account the smallness of some of the parishes in Estonia, the financial constraint might be the main inhibiting factor for them in terms of PB adoption.<sup>21</sup>

## Conclusion

The goal of our article was to examine the spread of PB in Estonia through the theoretical lenses of policy diffusion literature. Despite the widespread adoption of PB across the world, there have been only limited attempts to understand and explain the mechanisms driving the diffusion. Our study is

thus a first attempt to employ the theoretical framework of policy diffusion for qualitative research on PB. Even though the number of investigated cases is limited, our study provides useful insights about the diffusion mechanisms and can provide input for further studies exploring the spread and implementation of PB. Also, although looking only at one country does limit the external validity of our generalizations, it allowed us to control for environmental conditions that might vary in a cross-country study.

The theoretical discussions on policy diffusion usually distinguish between four main diffusion mechanisms: learning, imitation, competition, and coercion. Our empirical study of the spread of PB in Estonia suggests that neither competition nor coercion were relevant mechanisms in the diffusion process of PB in Estonia. Most of the LGs were oriented to solving a problem of limited citizen participation and hoped that PB would help to activate the citizenry. However, the majority of them were also following the emerging trend of PB, with the aim of trying to be perceived as innovative local authorities. Hence, the diffusion of PB in Estonia has so far been driven by a combination of learning and imitation. In line with the predictions of the existing literature on policy diffusion, we can observe that the importance of imitation as a diffusion mechanism has been increasing over time: For the later adopters, legitimacy-seeking and norm-following have often been weightier motives for the adoption of PB than considerations related to learning.

Furthermore, as predicted by the literature on policy diffusion, the low complexity and high salience of this policy instrument contributed to the quick adoption of PB by an increasing number of local authorities. More specifically, the rather simplified version of PB that was elaborated by the NGO who introduced the concept of PB to Estonia (eGA) and the city of Tartu for the pilot project, in combination with the small amount of money allocated for PB, facilitated the quick adoption and the skipping of learning by other LGs. The extensive media coverage of the PB process in Tartu contributed to high salience of this policy instrument, aiding its diffusion. Furthermore, the reputation of the first adopter—the city known for its innovativeness—legitimized the model and also stimulated the diffusion. We can also observe that most of the diffusion of PB in Estonia was relatively “detached” from the international developments: Most of the LGs adopting the PB just looked at the model used by Tartu and did not examine other variants of PB adopted in other countries. Thus, in the Estonian case, the “first mover” who kick-started the PB diffusion played a fundamental role in what kind of PB has traveled to LGs in Estonia.

The eGA Foundation undoubtedly played a profound role as a policy entrepreneur: It advocated the introduction of the idea of PB in Estonia and invested its expertise in the adoption of this policy instrument. The NGO

disseminated the knowledge about the concept among LGs in Estonia as well as the evidence of the first pilot project by publishing analytical reports and providing information on the first PB experience. Hence, as an epistemic go-between, eGA stimulated the diffusion as well as acted as a facilitator of learning.

The PB diffusion in Estonia was also influenced by the availability of the existing e-tools for LGs that enabled them to conduct online voting on PB projects and hence decreased the costs of implementation. The role of Information and Communication Technologies (ICTs) in the process of formation of Estonian PB model(s) warrants further investigation. More specifically, it would be fruitful to examine more closely to what extent the availability of the ID card infrastructure and e-tools have had an impact on how PB is being institutionalized in the Estonian context. Also, if the spread of PB in Estonia continues, further research might focus on what kind of influence (if any) this instrument might exert on the political culture of the country. It is also worth researching what the peculiarities of PB model(s) in Estonia are, how the process is implemented, and what kind of instrument actually “traveled” from Brazil to Estonia.

With regard to the further outlook and sustainability of PB in Estonia, several factors may play a role. The majority of the officials we interviewed were inclined to continue with the implementation of PB owing to the positive experiences and benefits it has delivered. Also, given that the sums of money allocated to PB in the LGs are very small, the officials have limited incentives to discontinue it. Indeed, once the residents have been given the opportunity of PB, taking it away from them might be politically unpopular. However, in light of territorial amalgamation reform (with the goal to have at least 5,000 residents in each municipality) Estonia is currently undergoing, the future of PB becomes somewhat harder to predict. On one hand, there might be even more need for participatory processes like PB because of the greater distance between elected officials and citizens in larger municipalities. Also, the combined financial resources of amalgamated municipalities might contribute to the continuation of the process as there would be more funds available for PB. On the other hand, the adoption of PB is a political decision and it is not possible to forecast which of these initiatives will be continued in the amalgamated municipalities. In addition, expenses related to the ICT tools for implementing PB may call into question the further spread of PB to other LGs.

What kind of lessons can practitioners in other countries learn from our study? Our research demonstrates that having only small sums of money allocated for PB might be a “nonthreatening” way for local authorities to start experimenting with it, especially in countries where the local financial

autonomy is relatively low (which is the case in most of the Central and Eastern European countries). As the Estonian cases show, besides enhancing legitimacy, PB can also serve educational purposes for both sides. On one hand, authorities can use this instrument for learning about engagement practices and also experiencing how people can generate valuable ideas and provide them with useful information about investment needs. On the other hand, the residents have opportunities to learn about the scarcity of budgetary resources and also to acquire skills for participation. The Estonian experience with PB demonstrates that ICT solutions can facilitate the spread of the process and lower the costs of implementation, and, hence, practitioners in other countries should also strive to make the most use of them. It has to be kept in mind, though, that the e-voting infrastructure available in Estonia is still relatively unique, and this option may not be available in other countries. Our research also indicates that if the e-tools provided for PB are too expensive, they may start imposing limitations on poorer municipalities. Thus, using public (e.g., central government) funds to subsidize such ICT tools and make them available for free is likely to enhance the adoption of PB. Furthermore, our study also shows that to demonstrate the feasibility and benefits of PB, the kick-start of this process could be made by an exemplary city, with a high reputation among the other LGs. In the Estonian case, the city of Tartu had the willingness of elected officials and capacity of civil servants, combined with previous experiences with other types of participatory initiatives, which contributed to the emergence of a showcase that other municipalities wanted to learn from or imitate. Finally, our research shows that epistemic go-betweens (e.g., NGOs) can significantly facilitate *learning* about PB and aid LGs to adopt and improve their PB practices.

Our study demonstrates that the theoretical framework of policy diffusion could be a useful starting point for further comparative studies about how PB has spread in other countries. Further studies could look at, for example, whether the diffusion of PB is as strongly affected by the “first-mover” LG as it has been in Estonia. Also, one could explore whether epistemic go-betweens have played a similar role in introducing the PB in other settings. Finally, given the specificity of the Estonian context (especially its rather unique e-governance infrastructure), it would be fruitful to explore whether PB has diffused more slowly in (otherwise comparable) countries that lack such information-technological solutions.

### **Declaration of Conflicting Interests**

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

## Funding

The author(s) disclosed receipt of the following financial support for the research, authorship, and/or publication of this article: The research leading to these results has received funding from the Estonian Research Council Grant PUT-1142.

## Notes

1. According to other estimates, there were between 1,269 and 2,778 participatory budgeting (PB) cases in 2013 (Sintomer et al. 2014), including between 474 and 1,317 in Europe at the end of 2012 (Sintomer, Röcke, and Herzberg 2016). This difference, as outlined by Sintomer, Röcke, and Herzberg (2016), is due to the fact that it is difficult to get reliable data about the process.
2. However, recent studies on PB clearly point to the ambiguous impact of this instrument and the fundamental transformation of the idea of PB into a “value neutral” device (Baiocchi and Ganuza 2014; Ganuza and Baiocchi 2012).
3. It has been studied, for example, how policy diffusion is influenced by geographical proximity between the jurisdictions (e.g., Berry and Berry 1990), the prevailing ideology of the policy officials (Grossback, Nicholson-Crotty, and Peterson 2004), resource capacity (Bhatti, Olsen, and Pedersen 2011), and demographic characteristics (Tolbert and Zucker 1983).
4. In their literature review, Graham, Shipan, and Volden (2013) pointed to 104 different terms that have been used during the decades of diffusion studies.
5. The same features have been outlined by some authors as separate diffusion mechanisms, for example, common norms, taken-for-grantedness (Braun and Gilardi 2006), and legitimacy-seeking (Gilardi 2003).
6. In the context of a local jurisdiction, a national or state government can play the role of these actors (Douglas, Raudla, and Hartley 2015; Graham, Shipan, and Volden 2013).
7. Brower and Biermann (2011) distinguished policy entrepreneurs from policy intellectuals (those involved in the generation of new ideas), knowledge brokers (those providing links between different knowledge sources), and policy advocates (the ones that translate ideas into proposals). In their view, policy entrepreneurs are those actors that are involved throughout a policy change process. Mintrom (2013) differentiates interest group leaders from policy entrepreneurs in that they seek to change status quo policy arrangements.
8. To be more precise, 39 local government (LG) units out of 213 have a population under 1,000 inhabitants and only three cities have more than 50,000 residents (Narva: 58,375; Tartu: 97,332; and Tallinn: 413,782). The smallest municipality is Piiressaare rural municipality with 63 people, and Ruhnu Island the second smallest with 97 inhabitants (Estonian Ministry of the Interior; official website <https://www.siseministerium.ee/et>, Accessed November 3, 2015).
9. The project was financed by the Open Estonia Foundation.
10. e-Governance Academy (eGA) is a think tank and consultancy organization established in 2002 by the United Nations Development Programme, the Open

Society Institute, and the Government of Estonia. Since then, eGA has worked as an independent and mission-based nonprofit, nongovernmental organization aiming at the creation and transfer of knowledge and best practices concerning e-governance, e-democracy, and the development of open digital societies (eGA; official website <http://www.ega.ee>).

11. Tartu city government gathers media reflections about PB in Tartu on its official website <http://www.tartu.ee>. The links are accessible at [http://www.tartu.ee/?lang\\_id=1&menu\\_id=2&page\\_id=24703](http://www.tartu.ee/?lang_id=1&menu_id=2&page_id=24703) (Accessed June 5, 2016). During 2013, there were 39 media reflections about PB pilot project in Tartu.
12. The county is the first-level administrative unit in Estonia that aims to represent the central government at the regional level. County governments have supervisory and advisory functions regarding local authorities. Estonia is divided into 15 counties.
13. Riigi Teataja (in Estonian) or State Gazette is an official electronic publication of all Estonian legislative acts. See <https://www.riigiteataja.ee> (Accessed May 19, 2016).
14. The webpage of Tartu city for tourists is <http://www.visittartu.com> (Accessed May 19, 2016).
15. See the description of the project at the official website of the eGA: <http://www.ega.ee/project/open-government-partnership-in-local-governments-2/> (Accessed April 24, 2016).
16. The argument of small PB budget was also used by the opponents of the process during the initiation of PB by the early adopters. Namely, in one of the LGs, the debate focused on the PB budget being too small (Interview D 2016; Interview I 2016) and not large enough to be called “participatory budgeting.” In the opponents’ view, the concept of PB implies the possibility to have a say on the whole municipal budget rather than just a very small part of it, which creates misunderstandings for the public (Interview F 2016). Furthermore, the initiation of PB was also called “populism” by the opposition parties (Interview A 2016).
17. The monthly charge is 34 EUR for KOVTP and 63 EUR for VOLIS (Interview N 2016). VOLIS is the Estonian acronym for “information system for local councils” (volikogu infosüsteem); KOVTP is the Estonian acronym for “service portal for a local government” (kohaliku omavalitsuse teenusportaal)
18. Andmevara official website: <http://www.andmevara.ee/en/web/eng/products> (Accessed April 22, 2016).
19. Estonia has a national ID card system that enables every citizen to be identified in an electronic environment. More information about Estonian e-governance infrastructure can found at [e-estonia.com](http://e-estonia.com).
20. According to most PB procedures, only registered residents are eligible to vote.
21. This stands in contrast to the observation made in a quantitative study looking at the diffusion of PB in Brazil: Spada (2014) found that the availability of slack financial resources did not affect the adoption of PB significantly.

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### Author Biographies

**Jelizaveta Krenjova** is a PhD student at Ragnar Nurkse School of Innovation and Governance at Tallinn University of Technology and a project manager at the Estonian e-Governance Academy Foundation. Her research interests comprise participatory instruments at the local level, with a special emphasis on participatory budgeting. She focuses in her research on the applicability of different models of participatory budgeting in various contexts and on the implementation of this participatory tool in Estonia.

**Ringa Raudla** is a professor of public finance and governance at Ragnar Nurkse School of Innovation and Governance, Tallinn University of Technology, Estonia. Her main research interests are fiscal policy, public budgeting, institutional economics, and public management reforms. Her recent publications include articles in *Public Administration Review*, *Governance*, *Public Administration*, *Policy Studies Journal*, *The American Review of Public Administration*, *Journal of Public Policy*, *Public Money & Management*, and *Journal of Comparative Policy Analysis*.



## ELULOOKIRJELDUS

### 1. Isikuandmed

Ees- ja perekonnanimi: Jelizaveta Krenjova

Sünniaeg ja -koht: Eesti, 19.03.1988

Kodakondsus: Eesti

E-posti aadress: jelizaveta.krenjova@gmail.com

### 2. Hariduskäik

Õppeasutus (nimetus lõpetamise ajal)	Lõpetamise aeg	Haridus (eriala/kraad)
Tallinna Tehnikaülikool	2012	Avalik haldus, magister (Cum Laude)
Tallinna Tehnikaülikool,	2009	Avalik haldus, bakalaureus (Cum Laude)
The University of Copenhagen	2008	vahetusüliõpilane

### 3. Keelteoskus (alg-, kesk- või kõrgtase)

Keel	Tase
Vene keel	emakeel
Eesti keel	kõrgtase
Inglise keel	kõrgtase
Saksa keel	algtase
Prantsuse keel	algtase

### 4. Teenistuskäik

Töötamise aeg	Tööandja nimetus	Ametikoht
2017- ...	e-Riigi Akadeemia Sihtasutus	ekspert
2012 - 2017	e-Riigi Akadeemia Sihtasutus	projektijuht
2009 - 2012	e-Riigi Akadeemia Sihtasutus	assistent
2008	Tallinna Haridusamet	praktikant

## 5. Kaitstud lõputööd

- 2012 “Participatory Budgeting at the Local Level: Models, Context, Application”, magister, TTÜ
- 2009 “European Parliament Elections in the Light of the Democratic Deficit: the Case of Estonia”, bakalaureus, TTÜ

## 6. Projektid

- Kaasav eelarvemenetlus kohalikes omavalitsustes (2009-2011)  
<http://www.ega.ee/publication/handbook-of-the-participative-budgeting/>
- IKT kasutamine otsustusprotsessides (2010-2012)  
<http://www.ega.ee/et/project/ikt-kasutamine-otsustusprotsessides/>
- Valimiskompass Riigikogu valimisteks (2011)  
<http://www.ega.ee/et/project/valimiskompass-riigikogu-valimisteks/>
- E-valitsemise arengutugi Ukraina omavalitsustele (2012 -2016)  
<http://www.ega.ee/et/project/e-valitsemise-arengutugi-ukraina-omavalitsustele/>
- IKT noorsootöös (2016)  
<http://www.ega.ee/et/project/ikt-noorsootoos/>
- EL Idapartnerluse riikide infoühiskonna turvalisuse ja e-demokraatia uuring (2017)  
<http://www.ega.ee/et/project/el-idapartnerluse-riikide-infouhiskonna-turvalisuse-ja-e-demokraatia-uuring/>

## CURRICULUM VITAE

### 1. Personal data

Name: Jelizaveta Krenjova

Date and place of birth: Tallinn, 19.03.1988

E-mail address: jelizaveta.krenjova@gmail.com

### 2. Education

Educational institution	Graduation year	Education (field of study/degree)
Tallinn University of Technology	2012	Public Administration, BA (Cum Laude)
Tallinn University of Technology	2009	Public Administration, MA (Cum Laude)
The University of Copenhagen	2008	Political Science, exchange student,

### 3. Language competence/skills (fluent, average, basic skills)

Language	Level
Russian	fluent/native speaker
Estonian	fluent
English	fluent
German	basic skills
French	basic skills

### 4. Professional employment

Period	Organisation	Position
2017 - ...	e-Governance Academy Foundation	expert
2012-2017	e-Governance Academy Foundation	project manager
2009-2012	e-Governance Academy Foundation	assistant
2008	Education Department, Tallinn City Government	trainee

## 5. Defended theses

- 2012 “Participatory Budgeting at the Local Level: Models, Context, Application”, MA, Tallinn University of Technology
- 2009 “European Parliament Elections in the Light of the Democratic Deficit: the Case of Estonia”, BA, Tallinn University of Technology

## 6. Projects

- Participatory budgeting in local governments (2009-2011)  
<http://www.ega.ee/publication/handbook-of-the-participative-budgeting/>
- Use of ICT to enhance public participation in decision making (e-Democracy) (2010-2012)  
<http://www.ega.ee/project/ict-for-public-participation-in-decision-making/>
- Elector’s Compass for Elections of Estonian Parliament (2011)
- <http://www.ega.ee/project/electors-compass/>
- e-Governance support to Ukraine (2012 -2016)  
<http://www.ega.ee/project/e-governance-support-to-ukraine/>
- ICT in youth work (2016)  
<http://www.ega.ee/project/ict-in-youth-work/>
- Situation Review of EU’s Eastern Partnership countries  
<http://www.ega.ee/project/situation-review-of-eus-eastern-partnership-countries/>

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