



Unraveled Practices of Participatory Budgeting in European Democracies

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15.1 INTRODUCTION

The goal of this final chapter is to summarize lessons about the worst and best practices, causes, and effects of (successful or unsuccessful) participatory budgeting, delivered by the country case studies included in this

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287

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book. As editors we asked the authors of the country chapters to address—at least in part—the following five questions:

1. First, about the developments in PB in the countries: Why and when PB started in the country and at what governmental level; how many municipalities/regional governments experimented with PB; whether PB processes were on-time only experiments or were repeated for several years?
2. Second, about the budget at stake, addressing especially the percentage of the municipal budget open for PB, whether it was about spending additional money or about austerity measures, whether it was already specified beforehand what policy areas were involved or whether the participants could opt for a destination of that budget?
3. Third, about the participation, addressing the rules/selection criteria used for being eligible as a participant; characteristics of the participants, how were they selected, and whether they were adequately informed/educated/trained, and how many residents did indeed participate?
4. Fourth, about the procedure, addressing whether and how ICT instruments were used, how the PB was organized and administered, whether deliberation and voting were involved, how decisions were made, and whether the outcomes were really implemented?
5. Fifth, about the outcomes, addressing whether the political representatives (councilors/aldermen) accepted the outcomes of the PB, whether the outcome did actually make a change in the contents of the budget, whether the participants were satisfied, and what lessons were learned?

Ultimately, the information collected serves to check to what extent participatory budgeting as practiced in the countries involved presents a real attempt to change municipal budgets toward addressing the needs of marginalized groups and to improve decision-making based on local democracy and participation, or whether these processes as such are to be judged to be more important than any output and outcomes. The core indicators for such judgment comprise the part of the budget about which citizens are allowed to have their say, the number of citizens involved in the process, and the extent to which their involvement has resulted in a real change in the public expenditures. For example, if municipalities opened only a very marginal percentage of their budget for participatory budgeting, this transforms it into a trivial pursuit with hardly anything at stake, but the process

itself. If the process is more important than the outcomes, such participatory budgeting is not a significant phenomenon but just has become a hoax.

In theory, a distinction is made between policy diffusion, policy transfer, and policy mimesis (Massey, 2009). Diffusion was defined by Rogers (1983) as ‘the process by which an innovation is communicated through certain channels over time among the members of a social system’ (Rogers, 1983, p. 5). The probability of such policy diffusion is said to be determined by geographical proximity to the original actor implementing the innovation, the number of other actors who have already adopted the innovation, public pressure, learning, and the role of policy champions. Often, a distinction is made between leaders and laggards in such adoption processes, pointing to the extent to which actors are motivated to innovate and have the resources (Mohr, 1999, p. 14). The implicit assumption underneath theories on policy diffusion is that the innovation is copied in more or less the same way as the original. The question is only what determines the probability of adoption of such innovations by other actors. As mentioned in the introduction, such research has also been done on the spread of participatory budgeting (Röcke, 2014).

This book has taken another direction. It does not assume that the policies copied remained identical to the original, but asked instead to what extent deviations from the original are visible in the policy transfer and what this implies for the practices. This question better fits within theories on policy transfer in which policy transfer is defined as a process in which policies implemented elsewhere are examined by rational political actors for their potential utilization within another political system (Evans, 2004, p. 345). As Evans (2004, p. 246) argued, four types of policy transfers can be distinguished:

1. Copying, where a governmental organization adopts a policy, program, or institution without modification.
2. Emulation, where a governmental organization rejects copying in every detail, [but] accepts that a particular program elsewhere provides the best standard for designing legislation at home.
3. Hybridization, where a governmental organization combines elements of programs found in several settings to develop a policy that is culturally sensitive to the needs of the recipient and to develop a policy best suited to the emulator.
4. Inspiration, where an idea inspires fresh thinking about a policy problem, helps to facilitate policy change, expands ideas, and inspires fresh thinking about what is possible at home (Evans, 2004, p. 246 ff).

The question asked is what remains of the original goals and instruments when an innovative policy is transferred to other settings? Was there—in the words of (Hall, 1993) third-order change, that is, a change in the overarching goals that guide policy in a particular field; second-order change, that is, in the techniques or policy instruments used to attain these goals; or first-order change, that is, in the precise settings of these instruments? Dolowitz and Marsh (1996) developed a framework including policy diffusion, policy convergence, policy learning, and lesson-drawing.

In theories on policy mimesis, it is said that ‘it may be that there is no such thing as a simple policy transfer, or indeed a transfer at all, rather there are levels of isomorphism’ (Massey, 2009, p. 383) dependent on context, of people, and of place. As Andrew Massey argues, ‘Everything in terms of policy decisions takes place in the way it does because of what has gone on before and what is going on around and nothing can be entirely replicated when it crosses geographical and cultural boundaries. All policy transfer is in reality policy mimesis’ (Massey, 2009, p. 388).

The contents of those theories are reflected in the outcome of this volume. We started by giving a description and analysis of the original, that is, the process of participatory budgeting as it evolved in Porto Alegre, Brazil. In that municipality, participatory budgeting started after the country was democratized. PB involved a huge part of the municipal budget itself; the inclusion of marginalized groups was imperative; the process included deliberation as well as decision-making by the participants; the goal was to improve the position of the marginalized; and the process was repeated for several years.

As is summarized below, with the introduction of PB in European countries much of the original practice was lost. In the literature on PB, this is euphemistically described as “Porto Alegre adapted for Europe”, “Proximity participation”, or “Participation of organized interests”. The fact is that PB as it emerged in Europe, often does not involve changes in the municipal budget but rather the granting of a small amount of money to proposals from neighborhood groups. Often, deliberation is not at all visible, but only a voting process on the grants for the best proposal. Also very often seen is that the process is a one-time-only process, not repeated and just seen as a one-time experiment to show goodwill or as something imposed and subsidized by NGOs. The effect is that only a few citizens actually participate, and the municipal budget is hardly affected.

15.2 PARTICIPATORY BUDGETING IN SELECTED “OLD DEMOCRACIES”

The first three cases covered in this volume—Germany, Italy, and Sweden—serve as the benchmark for the evaluation of the PB practices in Central and Eastern European (CEE) countries that are the main focus of this book. The editors intentionally decided not to use countries, which were already evaluated by existing studies as countries of “best practices” in the area of participatory budgeting (like Portugal, Spain, and France), but selected countries with different administrative systems and traditions, facing potential problems connected with the implementation of PB. The understanding of factors enabling participatory budgeting but also of the weaknesses connected to the implementation of participatory budgeting in established democratic countries is critical for understanding the practices in the investigated CEE region.

Janina Apostolou and Martina Eckardt in Chap. 2 analyze the developments of participatory budgeting in Germany. Within the specific German conditions, where the decision-making power in regard to the municipal budget lies explicitly with the elected representatives of a municipality, Germany decided to adopt its own model of participatory budgeting. In 1998, the network “Kommunen der Zukunft” (Bertelsmann Foundation, the Hans Böckler Foundation, and the Kommunale Gemeinschaftsstelle für Verwaltungsmanagement) promoted the adoption of PB. The network offered to support the first-time adoption of PB processes and looked for municipalities interested in taking part in a pilot project introducing PB. In 2003, a nationwide PB network was launched by the “Service Agency Communities in One World”. Following this, the number of PB processes increased over time, reaching a peak in 2013 with a total of 103 PB processes, followed by a drop of about 30% in the next two years. Thereafter the number stabilized at a slightly higher level.

The fact that in Germany 54% of PB processes enabled citizens to make proposals, another 32% to give both feedback and make proposals. Only in 4% of the PB processes citizens had the right to decide on the budget draft. This clearly demonstrates that German PB processes at the municipal level are mainly an instrument for consultation, not of direct democratic co-determination.

The empirical evidence about the impact of PB processes in Germany is relatively scarce. The available evidence suggests that some cities manage to reach quite a strong rate of participation by citizens, but even relatively

high participation does not deliver large socio-political effects. Taking this into the account, the question remains why municipalities nevertheless adopt PB schemes. The authors of the German chapter argue that one explanation might be that the decision to adopt a PB process is to find legitimacy for upcoming austerity measures (many municipalities in financial distress have adopted PB and even a special type of PB called “Sparhaushalte”, which means saving budgets).

The authors conclude that even if the actual impact of PB processes in Germany is small, they nevertheless meet the goal of increasing transparency regarding the financial situation of a municipality. Over time, this could create fiscal awareness about municipal finances and make citizens more educated in the field of public finances.

Francesco Badia in Chap. 3 argues for Italy that PB attracted considerable interest in the first decade of the current century and has been adopted in numerous cases by municipalities. In Italy, specific laws and rules regarding the promotion of PB were introduced after 2007, especially at the regional legislative level (like the Regions of Tuscany, Lazio, Emilia-Romagna, Umbria, Puglia, Sicily, and Marche). These regional laws promoted the participatory logic and tools, in some cases with the provision of specific funding for the implementation of PB practices. Italy recorded the first case in Europe of PB in 1994 in the municipality of Grottammare. Following this example and new legislation, in the last twenty years several municipalities embarked on the path of participation. The number of experiences with PB peaked in 2008, but then decreased, probably because of the financial crisis and also decreased political interest. The author focuses particularly on the period from 2015 to 2020, and through a survey, he identified 136 PB experiences between 2015 and 2020 that were active for at least one of these years. The results document the two growth peaks of the PB use in Italy, observed in 2008 and 2019, and also the fact that the political component of the municipality was decisive for the initiation of participatory processes. In the majority of cases, the patronage of the PB initiative is of political nature with the identification of the initiative in a party, or sometimes even in a single politician.

The dominant option realized in Italy is project-oriented PB, which gives the citizens the possibility to make proposals of any nature linked to possible intervention and funding from the municipality. The average sum of the municipal budget allocated to participatory projects from the sample researched was 0.76% and the average participation equaled 7.5% of the population.

The vast majority of municipalities researched reported no significant impacts resulting from PB, due to the limited number of resources allocated and small influence on the overall decision-making process of the municipality. However, the responses also provide significant concrete examples of the positive impacts of PB.

Iwona Sobis, the author of Chap. 4 about Sweden, argues that the aim of participatory budgeting in Sweden was to invite citizens into the local decision-making process by planning together how funds from municipal taxes ought to be allocated to different areas. The main promotor of participatory budgeting was the Swedish Association of Local Authorities and Regions (SALAR). In the starting phase, Sweden realized four pilot projects in Avesta, Haninge, Uddevalla, and Örebro, conducted during the period of 2007–2011.

Despite the fact that according to most evaluations the first pilot projects were successful, in their recognition by the public, and contribution to an increase in citizen participation, the continuation of such processes went on reluctantly in Sweden. According to the data collected from SALAR and the homepages of municipalities, only 12 out of 290 municipalities introduced a total of 33 projects of PB between 2007 and 2020.

The question is why Sweden, a country with a long tradition of cooperation between local government, trade and industry, civil society, NGOs, and inhabitants, where public participation in local matters is well established, is so reluctant to implement large scale participatory budgeting (despite the SALAR reports, the municipal websites, Facebook, and blogs from those municipalities conducting a PB project, confirming that citizens were positive about participatory budgeting projects in feeling engaged and satisfied in helping to improve their own community and that PB processes delivered interesting outcomes).

First, the conducted PB projects give the impression that they are introduced under pressure from the EU, the Swedish central government, and the Swedish Association of Local Authorities and Regions. Such top-down pressure imposing PB processes probably cause negative emotions among local politicians, public officials, and professional groups which have stunted its development.

Second, based on the existing experience, the conclusion cannot but be that the Swedish local authorities prefer a representative democracy with a citizen dialogue as sufficient support for decision-making on important local matters. Those in power at the local level are unwilling to share the real responsibility for the municipal budget, even if it only concerns a small

fraction of that budget. In Sweden, local governance in which citizens are made (co-)responsible for decisions and the development of their community is absent.

The case of Sweden also indicates that having an organization promoting PB seems to be of the utmost importance. The existence of SALAR and its systematic work to motivate municipalities in their efforts to experiment with PB pilot projects helps to promote slow but growing interest in PB in Sweden. SALAR's latest effort to increase citizen participation in local decision-making has been to establish a network of municipalities for the period 2019–2022 to develop PB in line with the model of democratic- and social sustainability (Table 15.1).

15.3 PARTICIPATORY BUDGETING IN CENTRAL AND EASTERN EUROPE

The editors of this book managed to put together ten country studies characterizing the developments of participatory budgeting in the CEE region. The selection tried to include all types of countries belonging to this group—EU member states, which accessed the EU in the first wave in 2004 (Czech Republic, Hungary, Poland, Slovakia, Slovenia), EU member states with later accession (Croatia, Romania) and non-EU countries (Belarus, Russia, and Serbia). The sample covers highly decentralized countries like the Czech Republic or Slovakia, but also countries where the decentralization is still in its very early phase (especially Belarus). The most important characteristics of countries included are summarized in Table 15.2.

15.3.1 *Developments of Participatory Budgeting in the CEE Region*

Yuri Krivorotko and Dmitriy Sokol in Chap. 5 argue that the only model of participatory budgeting that could be discovered in Belarus is so-called stakeholders PB because the more standard models of PB with direct or indirect participation in the local budgeting process are unacceptable in Belarus. According to them the working scheme of PB in Belarus is re-granting projects for local initiatives and the key drivers for the development of such a model of PB are international organizations and programs that propose granting money for local initiatives. Over the past 15 years,

Table 15.1 Summary of information of participatory budgeting in selected “old” democracies

<i>Country</i>	<i>PB founded in law?</i>	<i>Diffusion</i>	<i>Main form</i>	<i>Proposals subjected to deliberation with residents?</i>	<i>Who finally decides on proposals? (citizens/council)</i>	<i>Were accepted proposals implemented?</i>	<i>Is PB a repetitive process?</i>
Germany	No	Several municipalities	PB has mainly consultative character	Yes	Local councils	n.a. (consultative PB)	Usually yes, but some municipalities dropped.
Italy	Partly	Several municipalities	Project-based municipal funds are voted by the citizen, but in most cases below 1% of the budget is allocated to PB	Yes	Local councils	Yes	Usually yes, but some municipalities dropped.
Sweden	No	Few municipalities	Project-based municipal funds are voted by the citizen, but in most cases very small % of the budget is allocated to PB	Yes	Local councils	Yes	Usually yes, but some municipalities dropped.

Source: Authors

Table 15.2 Main characteristics of CEE countries covered by this book

<i>Country</i>	<i>Population</i>	<i>Status</i>	<i>Index of decentralization^a</i>	<i>Democracy Index 2019^b</i>
Belarus	9.4 mil.	Unitary presidential republic, member of the “Eastern Partnerships”	Very low	Authoritarian regime (2.5)
Croatia	4 mil.	Unitary parliamentary constitutional republic, EU Member from 2013	Medium (20.7)	Flawed democracy (6.6)
Czechia	10.7 mil.	Unitary parliamentary constitutional republic, EU Member from 2004	High (24.6)	Flawed democracy (7.9)
Hungary	9.8 mil.	Unitary dominant-party parliamentary constitutional republic, EU member from 2004	Low to medium (17.3)	Flawed democracy (6.6)
Poland	38.3 mil	Unitary semi-presidential constitutional republic, EU member from 2004	Very high (26.7)	Flawed democracy (6.6)
Romania	19.3 mil.	Unitary semi-presidential republic, EU member from 2007	Medium (20.0)	Flawed democracy (6.5)
Russia	146.7 mil.	Federal semi-presidential constitutional republic, BRICS country	Low	Authoritarian regime (3.1)
Serbia	6.9 mil.	Unitary parliamentary constitutional republic, candidate for EU memberships	High (25.2)	Flawed democracy (6.4)
Slovakia	5.5 mil.	Unitary parliamentary republic, EU member from 2004	Medium to high (22.0)	Flawed democracy (7.2)
Slovenia	2.1 mil.	Unitary parliamentary constitutional republic, EU member from 2004	Low to medium (17.3)	Flawed democracy (7.5)

Source: Authors

^aBased on Ladner et al. (2016) and estimates for countries not included in this study

^bBased on *The Economist*

many Belarusian organizations have implemented projects within the territory of Belarus, in which civil initiatives aimed at solving problems at the local level were selected and funded on a competitive basis. During 2006–2020 in total 110 projects were selected on a competitive basis and the total amount of (EU financed) funds raised to finance citizens' participation in local decision-making amounted to 558,000 euros.

Jasmina Džinić in Chap. 6 indicates that in Croatia the first formal projects of PB commenced in 2014, although some practices with characteristics of PB have been existing since the beginning of 2000. According to her findings, Croatia is lagging, both in the number of cities applying PB and in the elaboration of existing practices of PB. Nine towns used to have (Karlovac, Mali Lošinj), (Pazin, Trogir, Rijeka, Pula, Labin, Sisak) or are in the preparatory phase to introduce (Dubrovnik) some kind of PB—this represents only 1.62% of local units in Croatia. Croatian municipalities also apply different models of PB (like “Porto Alegre adapted for Europe”, “Proximity participation”, “Participation of organized interests”). Given the current situation, it is hard to expect broader diffusion of PB in the country and it is more probable that PB projects will be confined to a smaller number of more developed towns resulting in further disparities among Croatian citizens living in different local communities.

Lucie Sedmihradská, Soňa Kukučková, and Eduard Bakoš in Chap. 7 describe the developments of participatory budgeting in the Czech Republic, from its start in 2014 to its current magnitude. The first municipal participatory budgeting project was implemented in the city district Praha 7 in 2014. In 2019 PB was implemented in 48 towns and municipalities—a still relatively small number of municipalities (over 6200). However, because participatory budgeting is used especially by relatively large cities, the share of the total population involved is fairly high: in 2019 almost 20% of the country's population could participate in PB initiatives. In the Czech Republic, “Porto Alegre for Europe” project-oriented participatory budgeting prevails (suitable projects are selected for implementation according to predetermined rules within a given amount of funds). Additionally, some cases of consultation, where citizens do not vote for proposals and local governments freely and arbitrarily integrate some proposals in the public policy, are also implemented.

Péter Klotz in Chap. 8 argues that the practice of participatory budgeting in Hungary started relatively late (the first attempt was in Kispeszt in 2016) and is still very limited. The primary reason is political and stems from the different perceptions of the politicians regarding

self-government and the involvement of citizens in public decisions. Although good practices in participatory budgeting (also from neighboring countries) were available for a long time, their real practical implementation in Hungary started only with the 2019 municipal election campaign, during which the active involvement of voters in municipal decision-making became an important message—but still, only a few of Hungary's 3155 settlements have practical experience in applying participatory budgeting. The information provided in this chapter presents and compares the practice of participatory budgeting in the most experienced Hungarian local governments: Kispeszt (District XIX of Budapest), Budafok-Tétény (District XXII of Budapest), and Budapest City. These municipalities use the same approach as most Czech self-governments: “Porto Alegre for Europe” (project-oriented) participatory budgeting. The interest of people to vote is relatively high and interesting projects were approved and realized. Because the national legal-regulatory environment does not support the application of participatory budgets, the use of this instrument is typical in Budapest City and the districts of Budapest under opposition control.

Artur Roland Kozłowski and Arnold Bernaciak provide in their chapter (Chap. 9) on Poland comprehensive information about participatory budgeting in this “regional forerunner”. The first participatory budget in Poland was implemented in Sopot in 2011, a small city with 33,000 inhabitants, which is characterized by a high level of citizens' affluence and a high level of cultural, social, and professional activities. The specific factor enabling this start was a political impasse: the mayor and the majority of the City Council took opposite positions and local political forces were looking for new ideas to win the support and tip the balance to their favor during the next elections. The project in Sopot succeeded and became an impulse for other cities in Poland to follow this model. Since 1 January 2019, participatory budget is a statutory obligation for municipalities with county rights. Also, in Poland “Porto Alegre for Europe” (project-oriented) participatory budgeting is the dominant (if not sole) approach of implementing PB. The Polish Supreme Audit Office in its report from 2019 stated that the functioning of participatory budgeting has allowed inhabitants to participate directly in the decision-making process and has reinforced social participation. However, most academic evaluations are less positive and argue that this evaluation does not fully reflect reality and it refers rather to a smaller but active part of Polish society.

Emil Boc and Dan-Tudor Lazăr in Chap. 10 explain the very limited developments of participatory budgeting in Romania through two critical background elements. First, local authorities have limited funds at their disposal as compared to the needs. Second, the historical heritage from the communist era has kept citizens at a distance from any decision-making regarding public life. In Romania, the first public participation projects emerged in 2000 in those cities, which are also academic centers: Braşov, Timişoara, and Cluj-Napoca. The process, as it unfolded in Mănăştur, one of Cluj-Napoca's neighborhoods, in 2013, was the first PB process in the country—in the form of a consultative PB model. In 2015, in Cluj-Napoca, the first project-oriented participatory budgeting system started (“Porto Alegre for Europe” model). After being implemented in Cluj-Napoca, this approach has spread rapidly to other Romanian cities—as a relatively simple concept, easy to accept and apply by the administrations, regardless of their political spectrum and, last but not least, open to experimentation and improvement.

Mstislav Afanasiev and Nataliya Shash in Chap. 11 evaluate the functioning of so-called Initiative budgeting, which represents the concept used in Russian practice. It refers to several practices of involving citizens in the budgeting process, based on the ideology of citizen participation. “Initiative budgeting” is understood as the area of government regulation of public participation in determining and selecting projects, which are funded with budget revenues, and in the subsequent control of carrying out the chosen projects. The history of “Initiative budgeting” in Russia spans almost 15 years back. It started in 2007 with the World Bank launching the project “Local Initiatives Support Program” in the Stavropol region and gained active support from the Russian Ministry of Finance. The project was later extended to other regions. In July 2015 the Russian Ministry of Finance and the International Bank for Reconstruction and Development (IBRD) signed a memorandum calling for the further spread and development of similar practices. The “Initiative budgeting” received comprehensive support in subsequent years. In 2019, related projects covered 4.7 million participants from the country's population of 144 million people and almost 90,000 project ideas were put forward, covering 68 out of the 85 subjects of the Russian Federation. In the end, 18,700 winning projects were selected in 25 regional project centers for the amount of 19.3 billion rubles (or 233 million euros at an exchange rate of 83.5 rub/euro). Russia implements a “Porto Alegre for Europe”

(project-oriented) participatory budgeting model, where citizens propose projects and play a critical role in selecting successful projects for financing. The executive practice differs, in some cases the whole process is administered by subnational governments, in other cases, this is completely or partially delegated to government (municipal) institutions or non-commercial organizations, the founders of which are municipal authorities or even outsourced to outside consulting organizations. “Initiative budgeting” in Russia, without doubt, generated growth in interest among citizens toward mechanisms for determining budget spending, primarily at the municipal level.

Miloš Milosavljević, Željko Spasenić, and Slađana Benković in Chap. 12 argue that participatory budgeting in Serbia developed through several externally financed projects centered around Local Finance Reform. The projects were initiated by civil society organizations that partnered with Serbian LGUs and were financed externally (EU funds, USAID, Norwegian, Swiss development agencies, and other donors). As the idea was not indigenous, the models implemented have been “imported” from West European local governments. PB was initiated in 2016 in ten municipalities, including the capital city of Belgrade, and included self-governments representing 11% of the total population in Serbia. Serbia uses the “Porto Alegre for Europe” (project-oriented) participatory budgeting model, where citizens propose a project, vote on alternative proposals, and the winning projects are implemented. The core problems connected with participatory budgeting in the country are the lack of interest and, consequently, the poor participation of citizens in the process of selection of projects, and the small amount of funds involved in the implementation of PB projects. The authors argue that the outcomes from participatory budgeting are below initial expectations although it contributed, to a limited extent, to the democratization and modernization of local government. Only in the city of Sabac the process is becoming popular among citizens as it addresses their needs and priorities.

Mária Murray Svidroňová and Daniel Klimovský in Chap. 13 characterize the situation in Slovakia where the first three municipalities starting with participatory budgeting were the city of Bratislava in 2011, followed in 2013 by the town of Ružomberok, and the city of Banská Bystrica in 2014. In all of these municipalities, the process was initiated by a local NGO initiative and the work of volunteers. The case of Bratislava was specific—in the first year (2011), the money for PB (€15,000) was obtained from sponsors, not from the public budget. The total number of

local governments offering participatory budgeting to their citizens started to increase significantly after the realization of the first experiments as 53 local governments and 3 self-governing regions promoted the idea of a participatory budget at the beginning of 2020. However, given a total amount of 2900 municipalities and eight self-governing regions, this is still minor. Participatory budgeting is also realized at the school level, where pupils are enabled to co-decide on the spending of an allocated part of the school budget. A clear majority of projects belong to the so-called Porto Alegre for Europe (project-oriented) model of participatory budgeting, but other forms (like the consultative model) exist, too. The processes of project-oriented participatory budgeting vary over municipalities, but the main principle is similar—citizens propose projects, vote on them, and the winning proposals are approved and financed by municipalities. The authors argue that in Slovakia, PB is no longer understood as an experiment and is becoming an important part of modern democracy. However, the main challenge is to involve more citizens in PB processes since the share of participating citizens who voted on the projects is small, although it varies between 0.7% and 19.92%. The outcomes from participatory budgeting in Slovakia are not yet visible.

Maja Klun and Jože Benčina in Chap. 14 evaluate the situation in Slovenia. In this country, the first initiatives related to participatory budgeting started relatively late. The first, but failed, project started in Maribor in 2015, and the first successful participatory budget was initiated in 2016. In 2017 the GIFT network (Global Initiative for Fiscal Transparency) and the Court of Audit of the Republic of Slovenia initiated the start of a more comprehensive process. Subsequently, the country started to focus on participatory budgeting. Today, the legislation in Slovenia not only (as international standard) stipulates that municipalities are to submit a draft budget to citizens for public discussion and take a stand on the submitted proposals, but also (from 2018) requires that municipalities are to determine the amount of funds used to finance projects proposed by citizens in drawing up a municipal budget proposal. Despite the existing legal framework only a small share of Slovenian municipalities (26% or 12% of all Slovenian municipalities in the year 2020) has opted for the implementation of the “Porto Alegre for Europe” (project-oriented) model of participatory budgeting. The vast majority of them continue to merely inform the public about the draft budget, and few use specific models that allow citizens to submit initiatives. In Slovenia, only a small portion of the municipality’s budget is used for participatory budgeting, providing only

a weak ground for developing local participation. The low financial and administrative capacity of smaller municipalities is a vital obstacle to the process.

15.3.2 *The Scale of Participatory Budgeting in the CEE Region*

In all the examined countries the “Porto Alegre for Europe” (project-oriented) model of participatory budgeting (or its specific modifications in Belarus and Russia) dominates, but a common feature is a limited number

Table 15.3 The scale of participatory budgeting in selected countries

<i>Country</i>	<i>PB founded in law?</i>	<i>Diffusion in municipalities</i>	<i>Main source of finance</i>
Belarus	No	129 municipalities in total in different periods	EU funds (about 81%) + co-financing from local organizations
Croatia	No	Few, to several municipalities	Municipal funds (0.02–1.39% of the total budget), co-funding (contribution) from local community in one case
Czechia	No	Several municipalities	Municipal funds (0.02–1.94% of the total budget)
Hungary	No	Few municipalities	Municipal funds (from 0.25–1.5% of the total budget in cities covered by the chapter)
Poland	Partly	322 municipalities in 2017 (out of 2478)	Municipal funds (0.2–1.5% of the total budget)
Romania	No	Few municipalities (16 cities)	Municipal funds (about 1% of the total budget, in some cities even more)
Russia	No	Widespread on all subnational levels	Subnational funds plus co-financing (233 million EUR in 2019)
Serbia	No	Few municipalities	Municipal funds (from 0.04–8.50% of the total budget)
Slovakia	No	Few to several municipalities, three out of eight regions, few schools	On municipal level municipal funds (from 0.05–0.39% of the total budget)
Slovenia	Yes	12% of municipalities	Municipal funds (0.4% of the total budget in average)

Source: Authors

of participating public bodies and a small amount of funds allocated (Table 15.3).

In most countries, some form of participatory budgeting is realized at the municipal level. In Russia and Slovakia such processes also emerge at the regional level and in Slovakia also at the school level.

15.3.3 How Participatory Budgeting Is Organized and Administered in the CEE Region? How Many People Participate?

The country chapters indicate that the main form of participatory budgeting in CEE is the so-called Porto Alegre for Europe model—project-based participatory budgeting. The general picture of this type of participatory budgeting process in CEE is as follows:

1. announcement of a call for projects (in most cases total predetermined amount already approved in the budget is also announced),
2. collection of project proposals,
3. pre-selection of projects (dominantly by municipal bodies based on project feasibility or technical analysis),
4. voting on pre-selected projects, and
5. financial approval and implementation of successful projects.

Table 15.4 summarizes the main processual aspects of participatory budgeting in selected CEE countries.

The eligibility of a project can be fully open, but can also be somewhat restricted. For example, in Belarus there are three mandatory conditions to be met under submitting applications for funding from an extra-budgetary fund:

1. Mandatory participation of citizens in decision-making and problem-solving at the local level. Citizens should be active participants in the project implementation at the stages necessary and possible.
2. The project application must contain the creation or construction of a socially significant object (sports ground, recreational zone, bike path, ecological trail, etc.), or improvement of yards, parks, monuments of culture and nature, and so on.
3. EU funds submitted for financing shall be used to purchase building materials and equipment and may not be used to pay for works and

Table 15.4 Main processual aspects of participatory budgeting in selected CEE countries

<i>Country</i>	<i>Proposals subjected to deliberation with residents?</i>	<i>Who finally decides on proposals? (citizens/council)</i>	<i>Were accepted proposals implemented?</i>	<i>Is PB a repetitive process?</i>
Belarus	Yes, usually	Tender commission composed of representatives of two NGOs	Yes, usually	Yes, usually
Croatia	Yes, usually	Local councils	Probably yes	Usually yes, but few municipalities dropped
Czechia	Yes, usually	Local councils	Yes, usually	Usually yes, but some municipalities dropped
Hungary	Yes, usually	Co-decision (local council decides the total budget, citizens vote)	Probably yes	Usually yes
Poland	Yes	Co-decision	Normally yes, only in exceptional cases no	Normally yes, PB is now compulsory for certain types of municipalities
Romania	Yes, usually	Co-decision	Probably yes	In some cases yes
Russia	Yes	Co-decision	Yes	Usually yes
Serbia	Yes, usually	Co-decision	Probably yes	Usually yes
Slovakia	Yes, usually	Co-decision	Probably yes	Usually yes
Slovenia	Yes, usually	Co-decision mostly, sometimes only local bodies	Probably yes	Usually yes, but few municipalities dropped

Source: Authors

services that may be performed or provided for citizens free of charge.

The processes are far from perfect. Numerous organizational dilemmas pertain to the ways of project submission, organization of voting, economic efficiency of the process, and decisions about eligibility to vote. Social dilemmas pertain to the lack of well-developed, efficient systems of

communication between local authorities and inhabitants and also to the open attitude and involvement of inhabitants in public affairs.

Illustrative are the problems in Polish participatory budgeting processes, even though PB is subject to legislation in this country. As the chapter on Poland mentions, there are:

1. no reporting on the implementation of participatory budgeting;
2. no national standards for the implementation and reporting on participatory budgeting;
3. no social control over the implementation of participatory budgeting;
4. a weak communication between administration offices and inhabitants;
5. a domination of strong lobbies;
6. no making decisions based on the current political needs.
7. the necessity of collecting inhabitants' signatures on the project submission forms;
8. the obligation of providing voters' PESEL personal identification numbers during the voting;
9. an introduction of age limits for people who wish to participate in consultations on participatory budgeting;
10. issues in the reliability of verifying project submission forms.

The level of participation in “Porto Alegre for Europe” (project based) model of participatory budgeting differs between CEE countries, but especially between involved self-governments. The most illustrative case is Poland, where an analysis by the Supreme Audit Office indicates a high differentiation in the interest displayed by the inhabitants. In 2017 the highest voter turnout was recorded in Kalisz (73%) and in 2016—in Pleszewo (71%). In 2016 the lowest voter turnout at the level of 3% was recorded in Piotrków Trybunalski and in 2017—in Aleksandrów Łódzki (NIK 2019, 44%). In Slovakia the participation in selected investigate projects was between 0.7% and 19.9% of inhabitants.

Limited participation, which prevails, is a critical obstacle for a successful implementation of participatory budgeting. If only 1–2% of inhabitants participate, it is obvious that only these are somehow linked to projects votes. In such a situation not the best projects, but those with the largest number of people supporting them (directly involved or invited to vote) win and receive financing.

The main reason for the very limited participation seems to be the limited amount of funds allocated. In such a situation, citizens do not feel that participatory budgeting is a significant tool to be involved in or to partake in decision-making processes about the most effective use of municipal (or other) resources.

15.3.4 What Are the Outcomes of Participatory Budgeting in the CEE Region?

The outcomes created by the use of participatory budgeting are rather mixed. It is interesting that in countries with the lowest “democracy score”—Belarus and Russia—the evaluations of such outcomes are the most positive. In Belarus respondents provide a set of important outcomes achieved, as follows:

1. PB promotes constructive interaction between citizens and local authorities and local problems become more visible and understandable; local and regional initiatives help to develop urban space, architecture to the extent which could not be achieved by unitary state action.
2. PB stimulates civic activism; citizens try to offer their idea, to be useful, to be heard, and are becoming more active.
3. PB is the support tool for local decisions initiated by residents and by this the public confidence in the authorities is increasing.
4. PB enables more efficient spending of budget funds to solve problems significant for citizens.

The chapter on Russia lists points to positive social effects—the involvement of citizens in the process of budget management, higher levels of trust in government; the engagement of citizens in the participation in the development of the region, reduced dependency of citizens, and increasing literacy of the population in matters of budget allocation.

The opinions of authors dealing with EU member or candidate countries vary and are in many cases less positive. The most optimistic expression could be found in chapters about Poland and Romania.

For example, the Polish Supreme Audit Office report about participatory budgeting is rather positive, concluding that participatory budgeting has allowed inhabitants to directly participate in the decision-making process and due to such social participation civil society is reinforced and the

municipality inhabitants' trust toward self-government and its representatives increased. However, the authors are less positive and feel that such a positive evaluation only refers to a small, active part of Polish society. Numerous scientific publications on the efficiency of participatory budgeting implemented by Polish self-government units conclude that such processes have significantly affected the development of cities, as they have allowed numerous permanent projects to be implemented and have activated the involved citizens.

In Romania, the outcomes of those projects that were implemented are relevant for the communities. Even if the scale is small, for a former communist country like Romania, with a low level of decentralization, with a legislative environment that focuses solely on "citizen consultation", it is important to conduct such processes. Local administrations see these processes as a crucial element for developing local communities and as a support factor for local good governance.

Other opinions are more mixed. The chapter on Croatia argues that PB delivers some positive effects on citizen participation and mutual trust between citizens and local government. However, the effects are still very modest. The Czech chapter suggests that because PB mostly serves as an "extension" or "supplement" to existing financing by the municipality, it is disputable whether the PB expenses are high enough to motivate the Czech citizens to participate and to accomplish the goal of increased civic involvement. The Slovak chapter speaks about potential case effects, but not about positive systemic outcomes. The least positive is the Serbian case. The authors state that the outcomes that emerge from participatory budgeting in Serbia are below initial expectations and it cannot be concluded that the purpose and goals of this process are met.

15.4 CONCLUSIONS

All in all, the practices of PB as they evolved in European countries out of the innovative original as developed in Porto Alegre in the 1990s can neither be seen as a process of policy diffusion nor as a process of policy mimesis. At best they can be seen as an inferior form of policy transfer in which the original was inspirational, but nothing more. The terminology of Participatory Budgeting remained, but the goals and tools to achieve the goals resulted only in marginal changes in the status quo in municipalities in European countries practicing PB, instead of resulting in radical changes to increase spending in favor of marginalized groups.

The literature mentions factors at the macro, meso, and microlevel as key drivers or inhibitors of policy transfer. The chapters in this book show that Andrew Massey was completely right when he argued that ‘Everything in terms of policy decisions takes place in the way it does because of what has gone on before and what is going on around and nothing can be entirely replicated when it crosses geographical and cultural boundaries’ (Massey, 2009, p. 388).

Nonetheless, the contextual, macro, meso, and micro factors responsible for the unraveling of policy transfers are not easy to identify. The spread of PB in countries with a long tradition in representative democracy has been a process as tedious as it is in the European countries in transition, in our case the CEE countries. Longstanding traditions in shaping budgeting processes pose major obstacles for the actualization of innovative processes, no matter how influential the policy champions are and how intense the promotion of such novelties is.

Secondly, the chapters in this book suggest that the classic view in which micro, meso, and macrolevel factors are distinct factors promoting or inhibiting the adoption of innovations need revision. The microlevel actors are to be seen as mediators between the impact of meso and macrolevel factors on the dilution of novel practices. All country chapters point to the crucial role of local politicians in the way PB is organized and the outcomes thereof. In this case, explaining the appearance of unraveled policies during policy transfers is mainly explained by lacking political will to adopt a complete transfer. At the local level, this political will may well be due to institutional factors such as, lacking capacity of municipalities (Nemec & de Vries, 2015; Reddy et al., 2015); contextual factors, for example, the habits involved in longstanding representative democratic practices as seen in Sweden, Germany, and Italy blocking democratic innovations, or the backsliding of national democracy as seen in Poland, Hungary, and Slovenia, in which PB is a kind of compensation for the deterioration of national democratic practices.

The prerogative of elected politicians to decide on the budget, where to spend money on, how much money to spend on what, where, and how, relates to the classic political question already posed by Harold Lasswell in 1936, namely to see the question ‘Who gets What, When, How’ as the crucial question in politics. Local politicians in Europe in whatever macro-context, appear to be extremely reluctant to share the political power to decide on these questions with their residents. Partly this is due to their own meager influence on the local budget, that is, their own limited

political power. Their budgeting is often restricted by national regulations determining not only the size of the local budgets as such, but the funding transferred from the national government to the local government often also predetermines in which policy area these grants are to be spent. All substantial decisions regarding local finances are to a large extent often already made by the national government. What remains for local elected officials is indicative of their minor power. They seem to be reluctant to experiment with PB, implying that if such experiments are initiated only a minor part of these minor amounts of money are subject to it, and preferably only once, and if possible, only with money from outside sources. From the local politicians' point of view, the municipal budget is theirs and theirs alone to decide upon as they are elected to represent the interests of their constituency.

The realistic conclusion cannot but be that this results in a vicious circle in which the absent political will of local politicians to initiate processes of PB degenerates such processes into reluctantly allocating only a very small sum of money in a one-time experimental setting. Residents are only being enabled to propose projects in predetermined policy areas on which hardly any deliberation takes place, after which the elected politicians decide on whether or not to spend money on successful proposals. The outcome is that only a few residents participate and many of them become disappointed. The politicians frame this as being indicative of the impossibility of PB and eagerly return to classic ways of budgeting.

The question is how to break through this circle. The results described in the previous chapters mention that separate steps to accomplish this have been taken in different countries. It involves external pressure as seen, for instance in Poland and Slovenia, in *national laws* stipulating municipalities to have some kind of PB. It also involves the sometimes successful but often also failing *persuasion* by external actors—policy champions—with their own funds to induce municipalities to experiment, and by the interest and pressure by local residents. Although such pressure is helpful in establishing PB, in none of the countries involved this resulted in a widespread diffusion of a form of PB similar to the original as developed in Porto Alegre.

The first part of this volume with three cases from “old democracies” indicates that participatory budgeting does not represent a “unique winning tool” from the perspective of improved local democracy, participation, and budgeting. In Sweden, normally ranked as a highly decentralized and democratic country with very strong local self-government,

participatory budgeting is still unpopular, not welcomed by local officials, and only randomly supported and promoted by the citizen. Those in power at the local level are unwilling to share the real responsibility for the municipal budget, even if it only concerns a fraction of it. Local governance in which citizens are made (co-)responsible for decisions and the development of their community is not present in Sweden. In Germany, participatory budgeting processes at the municipal level are mainly an instrument for consultation, not of direct democratic co-determination. Moreover, in most municipalities, participatory budgeting is used only as a tool to show that municipal leaders want to cope with fiscal stress situations. The most positive picture is presented by Italy. This suggests that South European countries with their specific cultural features may be more open to participatory budgeting and more successful in its use (taking into account the fact that especially Portugal is frequently named as leader and pioneer in this area)?

This book revealed that in none of the countries the development of participatory budgeting is a natural bottom-up process, where local officials together with citizens apply an innovative instrument. This should not be so big a surprise for Russia and Belarus, because of the type of national regimes there. In both these countries (and also in Serbia) International organizations were the main source behind the development of participatory budgeting, which was welcomed and supported by local authorities as the resulting form of PB did not interfere with their decisions on the municipal budget.

The fact that political motives are determinative for the development of participatory budgeting is emphasized in several chapters. The patronage of the PB initiative is often political with the identification of the initiative with a party, or sometimes even with a single politician. In Romania, participatory budgeting has become a topic in election campaigns with opposition parties in several cities proposing the creation of such processes. The same picture is witnessed in the chapters on Poland and Hungary. In Hungary, their real practical implementation started only during the 2019 municipal election campaign, in which the active involvement of voters in municipal decision-making became an important message of opposition parties. The Polish chapter states that the implementation of PB in Poland has two aims:

1. involving local communities in co-management of the city through joint decisions about how to spend some part of public funds (as is reflected in the voter turnout) and
2. promoting the authority which originally comes from political rivalry.

The extreme form of the latter aim is judged to be a travesty, turning PB into an instrument used in political conflict.

The country chapters also show that different subjects serve as critical drivers of the development of participatory budgeting. Except for international organizations (already mentioned for Belarus, Russia but also Serbia), policy champions are found in NGOs in cooperation with central state organizations (Slovenia), NGOs and civic initiatives pushing local self-governments (Slovakia), NGOs pushing politicians (Czech Republic), and also in local leaders as part of their political marketing. It is clear that “a policy champion is needed” (most often an NGO), but that such an actor is not always available.

From the point of the process, it is clear that in CEE countries the “Porto Allegro for Europe” model of participatory budgeting dominates and the focus of its implementation is on the local self-government level. In most cases, citizens and/or NGOs propose projects and citizens vote for projects, which should be implemented (and in most cases also are implemented). The core problem for all countries is the relatively small sum of resources allocated for deliberate decisions by citizens—resulting in limited participation by citizens. With limited participation, participatory budgeting tends to become a “club good” and not a “common good” with all related negative impacts on expected positive outcomes (see de Vries, 2016).

PB in CEE has additional bottlenecks. Not only low amounts of money and a small number of people are involved, but also in many cases, participatory budgets are realized only once and are seldom repeated (as shown in country-cases, some municipalities join, others opt out—see Table 15.4). Participatory budgeting in most cases also does not serve as a tool for increased budget transparency and budget consultations. In too many cases it rather resembles a “fight” to get an additional project funded by the municipality.

To conclude, we may state that PB in European countries is far away from the level of “best practice” in which local democracy and participation are promoted. However, it is also not possible to conclude that all

experiences are just “trivial pursuits”. This would fail to appreciate its spread (at least in some countries) and the positive outcomes as perceived by the core stakeholders. This refers to the idea of PB promoting transparency, direct democracy, trust, and satisfaction among the citizenry. In reality, the level of satisfaction of people about processes of participatory budgeting is mixed. In some municipalities people are enthusiastic, in others, the participants are enthusiastic at first, but frustrated afterward, and in still others, the participation faces opposition from the start.

The CEE countries do not perform less than the old European democracies. The same evaluation as made above is equally applicable for the three benchmark countries as to CEE countries. In two of the three old democracies (Sweden and Germany) the situation compared to the “CEE average” is even worse. In these old democracies with strong traditions in representative democracy, local self-government leaders are not less reluctant to transfer decision-making power to the population than local politicians in the CEE countries.

The chapter in this book demonstrates that participatory budgeting in Europe is not yet a mature phenomenon, its potential is not fully utilized, and expected outcomes are only partly achieved. As to the future of participatory budgeting in Europe, it is not easy to predict if processes of PB are to improve in the near future. The COVID-19 pandemic not only critically affected the health status of inhabitants and damaged national economies and welfare but also blocked local participatory processes, including participatory budgeting. Most projects and initiatives were postponed to “better times”. We assume local politicians will not be too upset by this finding.

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