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FACULTY OF ECONOMICS

MASTER'S THESIS

**CITIZEN PARTICIPATION IN PUBLIC BUDGETING: THE CASE
OF PARTICIPATORY BUDGETING IN SLOVENIA**

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AUTHORSHIP STATEMENT

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INTRODUCTION

In recent years many events and movements across the globe sparked debates about the role and the strength of civil society and its demand for more transparent governance. Different mechanisms of citizen participation and engagement have been developed, one of the most important and widespread being participatory budgeting, which is considered an important institutional innovation in economic democracy.

Universal definition for a mechanism that materializes itself in so many distinct forms is virtually impossible. However, in general terms, participatory budgeting is a mechanism or process through which non-elected citizens decide over the allocation of public finances. Its history dates back to the well-known case of Porto Alegre in Brazil where participatory budgeting had been initiated at the end of 1980s by a coalition of civil society activists and the Workers' Party officials who proposed participatory budgeting as a new type of economic democracy (Marquetti, Schonewald, & Campbell, 2012, p. 2; Wampler, 2007, p. 6). Since then it has spread quickly and has been adopted throughout the world in sometimes very different circumstances and environments, as well as distinct cultures and political systems. Therefore, the diversity of participatory experiences cannot be overlooked and its distinctive contexts and forms should be analysed when trying to capture its definition or impact on local and more global levels.

Once initiated in the Latin American countries the concept spread around the world and has emerged from specific local situations as well as adapted to them. The concept as such has also been introduced in Slovenia where a pilot project of participatory budgeting has been implemented in the Maribor municipality. Its emergence is closely linked to civil mobilization after the so-called Maribor Uprisings and particularly to the society initiatives promoting broader ideas of democratization and co-management of the city. However, this is not the only experiment of participatory budgeting in Slovenia. There have been efforts and initiatives in several municipalities to start similar projects. One of them was already carried out in Ajdovščina, where citizens were engaged in the budget process this year. Its structure and process are briefly described in this thesis and the main differences regarding the process in Maribor are emphasized.

The direct participation of "ordinary" citizens in policymaking is especially perceived as means to promote citizen empowerment, enhance governance, encourage social justice, and deepen the quality of democracy. It is advocated by the European Union itself, international institutions, such as World Bank and UN Habitat, numerous political parties, many non-governmental organizations as well as civil society organizations (Boulding & Wampler, 2010, p. 125).

Since participatory budgeting is only one of the mechanisms of participatory and economic democracy, it must be understood within a broader context. Therefore, one of the purpose of my research is to understand the studied mechanism through a wider context of participatory democracy. Considering how widespread it is, I also consider it is important to discuss its emergence as well as analyse the process of diffusion and different forms of participatory budgeting that are shaped by local contexts and circumstances.

The purpose of this Master's Thesis is thus to discuss participatory budgeting as a modifying process that is traveling through continents, cultures, systems, and cities, always adapting and changing in a specific time period and location. After its development and implementation within a specific context in the Latin America of late 1980s it has spread rapidly across the globe. There has been extensive interest in the analysis of its initial implementation in Porto Alegre and it has been perceived as an exceptionally successful example that managed to engage citizens in municipal politics. It has served as an inspiration for numerous distinct programs and models that have been developed elsewhere. A considerable number of these models, however, evolved in very different circumstances, addressing particular needs and generating various outcomes. One of such experiments is the case of participatory budgeting in the Municipality of Maribor.

My Master's Thesis consists predominantly of theoretical work; however, some fieldwork has also been performed to study the particular case of the Maribor municipality. Different qualitative methods have been used for this purpose, especially in-depth interviews with initiators of the pilot project. Notes on the methodology are presented prior to its analysis in Chapter 4.

The Master's Thesis is organized as follows. Section 1 places participatory budgeting into the broader concept of citizen participation and engagement. Participatory democracy is discussed as well as its application to the economic sphere. Section 2 reviews the history of participatory budgeting and analyses the most important application of the idea to the particular case of Porto Alegre. This example is still regularly used as a central point of reference since it exhibited the most successful results thus far. Important lessons have been learned from other Brazilian experiences as well and are thus included in this chapter. Section 3 discusses the process how participatory budgeting spread from Brazil to other continents. It particularly focuses on the diversity of forms of participatory budgeting and presents a typology as an orientation map with six conceptual models. It also offers insight in some of the European experiences and discusses their main characteristics. Section 4 entails a case study of participatory budgeting in the Maribor municipality. This is the first example of citizen decision-making on budget at a municipal level in Slovenia that has already motivated other cities to follow suit. Moreover, the efforts for its implementation, the process as well as the vision for the future are also discussed. The last section concludes the Thesis.

1 CITIZEN PARTICIPATION AND ENGAGEMENT

1.1 Participatory Democracy

Participatory democracy can be defined as a form of government in which the citizens have the opportunity to decide on public policy (Bevir, 2011, p. 468). It is a process of collective decision-making and within this process elements from direct and representative democracy are combined (Aragonès & Sánchez-Pagés, 2009, p. 56).

The relationship between different forms of democracy is often discussed and participatory democracy is placed in opposition to the elitist conception of democracy that is represented by Schumpeterian definition (see Marquetti, Schonerwald da Silva, & Campbell, 2012). Strong affirmation of the superior value of participation over elite decision making was produced by the Brazilian pedagogue Paulo Freire. For him, when people participate, they become active subjects of knowledge and action (Goulet, 1989, p. 165).

Involvement of citizens is crucial because the degree to which they choose to involve themselves in the process is directly linked to the extent to which they can affect policy and determine social priorities (Aragonès & Sánchez-Pagés, 2009, p. 56). Their involvement in discussion about choice could be perceived as necessary to address the growing complexity of social demands (Allegretti & Herzberg, 2004, p. 5). In this process, citizens deliberate and also make decisions on issues that they find important, according to clear and agreed upon procedural norms, while the government's role is to provide guidance, relevant information and implement those programs, works or policies that were decided by citizens (Schugurensky, 2009, p. 54).

Citizens interact with government and provide feedback at the policy formulation or implementation (Shah, 2007, p. 56). Authors of the study by the European Institute of Public Administration point out that the importance of participation in local decision-making for effective policy implementation, democratic legitimacy of government and the growth of responsible citizenship is generally accepted (Best, Augustyn, & Lambermont, 2011, p. 95). Several effects on personal level of participants as well as on social level have been recognized, especially that participation may foster good governance, promote transparency, increase social justice and help individuals to become better citizens (Shah, p. 59–60).

An important materialization of participatory democracy is the process of participatory budgeting, which applies this concept to the economic sphere, more precisely to the budgeting process. Participatory economic democracy brings about two aspects: what economic institutions and what economic decisions it involves. Regarding the latter, all

such decisions should be made using participatory democracy and regarding the former, all economic institutions should be embraced by the participatory democratic process (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 64–66).

In the process of participatory democracy, citizens go through a learning process and while doing so they themselves are changed (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 65–66). The idea that an active participation of citizens in politics makes better citizens has been debated in political theory from its Greek origins. It was discussed by different scholars, in classical republicanism, civic humanism, pre-revolutionary thinking, writers on participatory democracy and deliberative democracy. There is also empirical research that demonstrates how local participatory institutions can affect participants' skills and knowledge if appropriately organized (Funes, Talpin, & Rull, 2014, p. 186). Participatory budgeting can contribute to significant political and civic learning. Studies on participatory budgeting in four Latin American cities, including Porto Alegre, found that this happens in four areas – knowledge, skills, values and attitudes, and practices. In addition, the observed changes were more pronounced among people with lower income and limited prior political and civic involvement (Schugurensky, 2009, p. 58).

Economist Amartya Sen (in Touchton & Wampler, 2014, p. 1446) argues that expanding human capabilities offers the greatest promise of broad social development. By enhancing human capabilities, participatory budgeting can nurture a virtuous cycle between citizenship learning and participatory democracy and allow citizens to pressure governments towards a more efficient and just use of public resources (Schugurensky, 2009, p. 62; Touchton & Wampler, 2014, p. 1446).

The contribution of participatory budgeting to the deepening of democracy is especially visible in the following six areas (Schugurensky, 2009, p. 59–61):

- equity (through allocation of municipal resources);
- state democratization (making state more accountable, transparent, efficient and effective in serving local communities);
- solidarity and concern for the common good (reinforcing social ties etc.¹);
- co-governance (social co-responsibility – more productive relationship between the municipal government and civil society);
- community mobilization (engaging local groups on issues that matter to them);
- citizenship learning (learning democracy by doing).

¹ Different pedagogical strategies to make the shift from a focus on self-interest to a spirit of solidarity can be deployed. For example, in some cities in Latin America, a bus city tour takes place at the beginning of each cycle of participatory budgeting. This trip allows participants to experience the situation of other neighbourhoods, to boost their understanding of different perspectives at the time of deliberation, and to be more compassionate at decision-making (Schugurensky, 2009, p. 60).

Engagement of citizens with public decisions, however, depends on several preconditions and factors, such as the openness and democratic depth of political/governance systems, the existence of enabling legal frameworks, the capacity for participation, the willingness and capacity of the state to make budget information available, and the existence of functional and free media institutions (Fölscher, 2007, p. 247).

From a human rights perspective, the engagement of citizens in public affairs is a desirable end valued for itself. In addition, civic engagement can also be seen as instrumental to state effectiveness. Since local communities know their needs, preferences and conditions best, their participation in decision making reduces the information gap and makes it more likely that funds will be used effectively (Fölscher, 2007). Emphasis on citizen participation in economic policy is linked to the idea of good governance. This is perceived as essential for the development and is described as governance that is transparent, accountable, follows the rule of law, and allows participation or citizen voice (Bräutigam, 2004, p. 655).

Participatory budgeting has therefore been recognized as an important institutional innovation in economic democracy. Participants go through a learning process and gain different knowledge and skills (e.g. knowledge of participatory and municipal budgeting process, of realities and needs in diverse neighbourhoods, knowledge to prioritize allocation decisions based on dialogue, negotiation skills and consensus decision-making etc.) (Pinnington & Schugurensky, 2009). In this sense, participatory budgeting has a strong pedagogical effect. Furthermore, it supports the ideal of democracy. Finally, it increases the efficiency of the use of public resources and has distributive effects in the spending of public resources (Marquetti, Schonerwald da Silva, & Campbell 2012, p. 63).

The process of citizen participation in decision-making also has some weak points. Its critiques mostly address three categories, namely expertise argument, the inequality argument and the utopian argument. Regarding the former, critics question the knowledge and experience of ordinary citizen and claim that experts, such as professional politicians or bureaucrats, are better at government functions because they possess better skills, knowledge and experience. They also argue that ordinary citizens are demand-oriented, their excessive participation delays the process and that definitions of public interest vary greatly between competing groups in society. The second argument – inequality argument – is used to emphasize the differences in degree and nature of participation. Some people may experience more obstacles to participate (lack of time and resources), to join the debate or influence the final decisions, while others, such as participants with higher education, participants familiar with similar bureaucratic procedures, people with better oratory skills or with more access to information, have more power. Finally, the last line of criticism criticizes the idealization of the role of the public and argues that it is unrealistic to perceive participatory democracy as an alternative to representative democracy, to

expect frequent and intense participation of citizens or their pursuit of common good (Schugurensky, 2009, p. 55–56).

Other issues may also concern the degree and nature of participation. In Seville, for example, where the model of participatory budgeting has been perceived as a model for promoting citizen participation with social justice in Europe, the main challenges include low rates of participation, the complexity of procedures, degree of independence of the participants, and weak connection with the most influential associations and organisations (Best, Augustyn, & Lambermont, 2011, p. 93). Sometimes citizen participation also has negative consequences, especially when it does not produce expected results (Funes, Talpin, & Rull, 2014, p. 186).

There is already an extensive literature trying to address such criticism, arguing many limitations could be reduced in practice, since the effects depend on particular characteristics of participation and its specific context. Most important, however, seem appropriate institutional arrangements facilitating the presence of enabling structures for positive citizen engagement, such as dialogue, tolerance, accurate and transparent information, etc. and the educative function of participation – “participatory democracy nurtures civic learning, and in turn this learning improves the quality of participatory democracy” (Schugurensky, 2009, p. 56–58).

1.2 Participatory Budgeting

This thesis will demonstrate diversity of participatory budgeting experiences and the importance of adaptations to local realities. Many researchers have focused on particular case studies to discuss numerous aspects of participatory budgeting and it is thus difficult to reduce a palette of different models and meanings to a single definition. Nevertheless, a general framework needs to be added in order to think of the process apart from other participatory procedures.

A number of different definitions have been proposed by authors that include both broad and narrow definitions. Following the former, participatory budgeting is a form of participatory democracy in which citizens as well as civil society organizations have the right to directly participate in determining fiscal policy (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63). International institutions, such as World Bank and UN-Habitat, which have promoted participatory institutions, have also contributed to spreading of participatory budgeting (see Goldfrank, 2012). According to World Bank, participatory budgeting is a process that allows citizens to present their demands and priorities for civic improvement, and through discussions and negotiations they influence the budget

allocations made by their municipalities (Bhatnagar, Rathore, Torres, & Kanungo, 2003, p. 1).

Participatory budgeting has been recognized as one of the most successful participatory instruments and an important institutional innovation in economic democracy (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63; Sintomer, Herzberg, & Röcke, 2008, p. 164). The central characteristic that distinguishes it the most from other forms of participatory procedures and which is also crucial to its process is how citizens can come to understand the needs beyond those of their own neighbourhoods, namely of other neighbourhoods they are not part of (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 79–80)².

This form of participatory democracy has materialized mostly at the city level and people are thus engaged in policies concerning the whole city (Aragonès & Sánchez-Pagés, 2009, p. 56; Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 80). There are some experiences of its implementation at the state level such as that in Rio Grande do Sul in Brazil, but are rarer. According to Schneider and Goldfrank (2002, p. 2), there are many theorists of participatory or direct democracy that are sceptical of the possibility of incorporating direct participation at higher levels of government. Their main argument seems to be ‘smallness’ as a necessary condition for such participation because its crucial form is face-to-face decision-making. Scaling up participatory programme to the state level faces several challenges. State level differs from the municipal one especially in the number of inhabitants, size of area and share of residents living in urban and rural areas.³ Schneider and Goldfrank (2002) discuss three major problems – difficulties of scale that lead to administrative difficulties, fierce political opposition (traditional budgeting institutions provide some stakeholders with certain advantages), and a small amount of resources dedicated to investments. In order to adapt participatory budgeting to the state level different administrative changes are necessary to allow a greater number of participants, to balance between rural and urban interest, and between poorer and richer areas. In Rio Grande do Sul such changes involved reduced number of meetings, additional layer of representation, computerised voting etc. (Schneider and Goldfrank, 2002; Serageldin et al., 2005, p. 5). The constraint to successfully structure and manage the

² Sintomer, Herzberg and Allegretti (2013, p. 10) offer an anecdote to better understand the difference between participatory budgeting and other participatory procedures. In short, the citizens asked the local authority to make their street a one-way street. This affected the inhabitants on the other side of the street, so they demanded the same and the street became blocked. For local authority, this was a proof of limits of citizen participation. This happened because the form of participation involved only communication between citizens in a certain neighbourhood and their local authority, but participatory budgeting includes the possibility of citizens from different neighbourhoods getting together, e. g. through delegates’ committees.

³ The state of Rio Grande do Sul has, for example, almost 600 times the area of Porto Alegre, and almost 7.5 times the number of inhabitants. In addition, one-fifth of residents lives in rural areas, while almost all of Porto Alegre are urban residents (Schneider & Goldfrank, 2002, p. 3).

process on such larger scale is especially institutional capacity and scaling up participatory budgeting programmes becomes primarily a political decision (Serageldin et al., 2005, p. 29).

Participatory budgeting is characterized as “a decision-making process through which citizens deliberate and negotiate over the distribution of public resources” (Shah, 2007, p. 21). In particular, citizens provide direct input into decisions about public resource use and participate in determining how and where resources are employed in their communities (Fölscher, 2007, p. 127; Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63). In this sense, participatory budgeting opens a process that is usually restricted only to bureaucrats as it allows non-elected citizens to participate in the conception and/or allocation of public finances (Sintomer, Herzberg, & Allegretti, 2013, p. 10; Spada, 2009, p. 3). It is required that those in power shift their own perceptions of participation and instead of seeing other actors as clients they accept them as their partners (United Nations, 2007, p. 38).

Implementation of participatory budgeting programs is usually the result of collaborative effort between government and civil society (Shah, 2007, p. 40), yet the role of these particular actors and the dialectical relationship between them can be a source of discussions (Novy & Leubolt, 2005, p. 2023). Its initial form in the famous case of Porto Alegre in Brazil, which will be analysed in the following chapter, was far from a model and researches have pointed out its evolution in practice (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63). In this sense, it has been not been understood as a completed and finalised concept but rather as an on-going social experiment aiming to link elements of indirect and direct democracy (Novy & Leubolt, 2005, p. 2027).

Continual development and modification as its inherent components together with its focus on local concerns and determination result in many different forms of participatory budgeting. The translation to concrete practices and integration with existing forms of governance have produced very diverse types of citizen engagement with public resource decisions (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63).

Fölscher (2007) follows and slightly modifies McGee’s typology of participation and lists five types of participatory practices, ranging them from less to more effective instruments:

- information generation: civil society organizations use applied budget analysis as a policy advocacy tool and disseminate their findings publicly;
- information sharing: the state puts public policy information and budget into the public domain;
- consultation: the state sets up different mechanisms (forums, councils, referendums, surveys etc.) to gather information on citizen preferences;

- joint decision making: citizens are active in real decision making, they do not only provide information on their needs and preferences;
- initiation and control by stakeholders: citizens have direct control over the process of developing, raising funds for, and implementing projects or policy.

The term ‘participatory budgeting’ is thus a broad label that includes wide variety of cases; encompassing cases where only informative event is connected with the budget but no consultation with the citizens is included to other end of the spectrum where cases involve an intensive participation procedure (Sintomer, Herzberg, & Röcke, 2008, p. 168). Its spread from Brazilian cities where it was initially introduced in 1989 was fast and extensive; it spread to more than 100 cities across the country by 2001 and to thousands of cities worldwide by 2015 (Spada & Russon Gilman, 2015).

Literature on participatory budgeting initially focused on successful cases of participatory budgeting at first, but later shifted to developing comparative framework and discussing outcomes of different processes and reasons for distinct results (Ganuza & Baiocchi, 2012, p. 1). Some researchers have thus proposed several criteria to facilitate the differentiation of participatory budgeting procedure from others (Sintomer, Herzberg, & Allegretti, 2013, p. 10–11):

- discussion of financial and/or budgetary questions (participatory process is based on the question of how a limited budget should be used);
- the neighbourhood level is not enough, as the whole city level should be involved instead, or a (decentralized) district with an elected body and some power over resources and administration (such participatory processes have a similar scale as elected bodies of representative democracy);
- it has to be a repeated process (if a process is planned as a unique event, e.g. one meeting on financial issues, it is not an example of participatory budgeting);
- some form of public deliberation within the framework of specific meetings/forums has to be included (specific institutions create new public sphere);
- some accountability on the output is also required (information about the realization of the proposed projects).

Beside the fact that participatory budgeting involves dealing with the use of limited resources, these processes can also be of interest to economists since different positive effects of concrete participatory budgeting experiences on social as well as economic grounds have been recognized (Aragonès & Sánchez-Pagés, 2009, p. 57). It is important to understand economic results, but at the same time, one must not neglect broader effects of the process. Economic reductionism limits the discussion to concrete narrow economic goals, such as redistribution and improved fiscal efficacy or standards of living (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 64). Using only standard techniques of

economic analysis, however, misses the multifaceted impacts of a process, which is primarily an instrument of empowerment (Serageldin et al., 2005, p. 52).

Similar to this, many scholars perceive participatory budgeting as a democratic innovation aimed at promoting participation and direct control over different shares of government spending with some important results, such as social inclusion and empowerment (Spada & Russon Gilman, 2015). Particularly well known are the experiments of participatory budgeting in Brazil, where the leading and the most successful one is that of Porto Alegre. Besides being the landmark experience, it also serves as the model for numerous experiments around the world.

2 HISTORY OF PARTICIPATORY BUDGETING: THE CASE OF PORTO ALEGRE

There is a substantial literature and research on participatory budgeting. While many authors focus on the analysis of particular experiences and case studies, it seems it is nearly impossible to discuss the instrument of participatory budgeting without touching upon its inception. The famous case of Porto Alegre in Brazil known as the first implementation of participatory budgeting is therefore almost never omitted. Its experience marks the beginning of this mechanism that has travelled across the globe since 1980s, spread over five continents, appeared in very diverse forms in more than 1,500 cities, addressed various problems and needs, and generated distinct outcomes (Ganuza & Baiocchi, 2012; Sintomer, Herzberg, & Allegretti, 2013). Moreover, it has taken on new forms and shapes by numerous local contexts, has been advocated by international agencies, such as World Bank and United Nations, and the training manuals that address it have been produced in dozens of language (Boulding & Wampler, 2010, p. 125; Sintomer, Herzberg, & Allegretti, 2013).

It is therefore more than reasonable to include the case of Porto Alegre in this analysis. Being the pioneer of this democratic institution aimed at confronting social and political legacy of clientelism, corruption, and social exclusion by making the budgetary process public and transparent (Shah, 2007, p. 22), the Porto Alegre case also influenced initiators in Slovenia to stimulate a pilot implementation of participatory budgeting at municipal level in Maribor following the model of Porto Alegre. The case study of Maribor is included in the final chapter.

Several authors (Avritzer, 2006; Marquetti, Schonerwald da Silva, & Campbell; Sintomer, Herzberg, & Röcke, 2008) emphasize the specific context in which participatory budgeting in Porto Alegre emerged. It is thus crucial to understand this particular situation and circumstances in order to interpret the structure of participatory budgeting in Porto Alegre and its outcomes.

2.1 General Framework

Porto Alegre is the state capital of the southern state Rio Grande do Sul in Brazil. It has a population of 1.4 million and a high number of politically involved community associations (Aragonès & Sánchez-Pagés, 2009, p. 57). The city is part of the country that has one of the greatest income gaps in the world, although Porto Alegre exceeds the average Brazilian income (Aragonès & Sánchez-Pagés, 2009, p. 57; Sintomer, Herzberg, & Röcke, 2008, p. 167).

The development of participatory budgeting was the result of broader social conditions extending beyond the city's situation. After the reestablishment of democracy in Brazil and some other Latin countries (like Argentina, Chile) there was a substantial effort in 1980s to extend and deepen the existing democracy (Shah, 2007, p. 23). Politics lacked the level of trust on both state and local level, characterized for a long time by corruption and authoritarianism at the state level as well as by clientelistic relationships on the local level. As a result, political institutions lacked the legitimacy and different mechanisms were adopted to address these problems (Aragonès & Sánchez-Pagés, 2009, p. 57). In the 1980s and 1990s, two important processes that transformed the political landscape took place, one being decentralization and the other democratization (Goldfrank, 2007, p. 93).

A process of strong decentralization started in 1988 with the new Constitution that decentralised resources and responsibilities to the municipalities and expanded the possibilities for participation (Avritzer, 2006, p. 623; Best, Brabender, Koop, Spink, & Teixeira, 2011, p. 4; Novy & Leubolt, 2005, p. 2027). Porto Alegre took advantage of this more than any other place in Brazil (Avritzer, 2006, p. 623). A considerable time before the events took place, namely between late 1970s and the mid-1980s, and within the framework of democratization process, people across the country reacted to authoritarianism and formed numerous neighbourhood associations. This type of associations played an essential role in the implementation of participatory budgeting in Porto Alegre since they started to claim participation in the determination of the city budget (Avritzer, 2006, p. 623). In addition, NGOs, governments and political parties also embraced ideas related to participatory budgeting in their attempt to improve policy outcomes (Shah, 2007, p. 23). On the one hand, the instrument of participatory budget served as a mechanism to foster democracy, but on the other, it also addressed the relationship between mayors and councils. This relation produced specific tensions, since mayors and councils were not elected in same elections, but rather separate. Agreements on different political affairs were difficult to achieve and therefore the measures proposed by mayors were hard to implement. In this regard, the participatory budgeting also helped to bridge this divide (Allegretti, 2013, p. 119).

The emphasis, however, was on the changing of policies, making it more responsive to the citizens' preferences and on the active involvement of the poor in the projected popular economic management (Aragonès & Sánchez-Pagés, 2009, p. 57; Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63). However, the ideas on how to achieve this varied significantly. The participatory budgeting that has developed in Porto Alegre (the so-called *Orçamento Participativo*) and has been widely recognized for its success did not just emerge and function successfully, but was rather born through complex experimental process and has actually evolved in practice (Shah, 2007, p. 24). In the beginning, there was only a broad vision about this new mechanism that would increase “direct popular participation in the city’s economic public policy decisions” (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63) and the initial proposals by different actors were very distinct.

One of crucial agents in the process was civil society, especially district initiatives gathered under the UAMPA – Union of Neighborhood Associations of Porto Alegre (*União das Associações de Moradores de Porto Alegre*) that in 1986 claimed the right to participate in the deliberation on budget issues at the local level for the first time (Avritzer, 2006, p. 625). Two years later, the Labour Party (*Partido dos Trabalhadores*) won municipal elections and “was looking for a way of translating the grassroots self-conception of the party into municipal politics” (Sintomer, Herzberg, & Röcke, 2008, p. 167). It implemented the new experiment of decentralised decision-making that was the result of direct negotiations between civil society leaders and government officials (Boulding & Wampler, 2010, p. 126; Bräutigam, 2004, p. 658).

The initial form of participatory budgeting in Porto Alegre was therefore the compromise between the proposals of civil society and the administration. In essence, this means that the instrument was developed from top-down as well as from bottom-up processes (Sintomer, Herzberg, & Röcke, 2008, p. 167). The process of negotiation also changed the role of associations in decision-making, as the proposed scheme by UAMPA emphasized the decision role of the associations where the representation of associations was central. They envisioned associations representing all citizens, debating proposals and making decisions, but the participatory budgeting put in practice after the municipal election de-emphasized the role of associations and their leaders and instead implemented one of the basic principles, which was open meetings to everyone. In other words, a direct democracy was implemented instead of an associational one (Ganuza & Baiocchi, 2012, p. 3).

The practice of participatory budgeting in Porto Alegre has thus evolved in practice. Specifically, it began in 1989 with the organization of the first meetings in the five regions where citizens discussed the budget for the following year (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63). In order to reach all citizens that started to participate directly in the decision-making process (instead of only those who were privileged), it was

necessary to develop new administrative mechanisms (Ganuza & Baiocchi, 2012, p. 4). The change in administrative apparatus will be partly included in the analysis of the structure of participatory budgeting in Porto Alegre in the next chapter.

The emergence of participatory budgeting in Porto Alegre was the outcome of the combination of different specific factors – namely, strong neighbourhood movement, new legal infrastructure of participation provided by the 1988 Constitution and the election of the Labour Party to executive authority in the city. Nevertheless, it served as a model for other Brazilian cities and later for thousands of cities across the world (Avritzer, 2006, p. 626).

Motivations behind the particular forces to promote and adopt this new institution were different. However, the interest was also closely linked to the fact that municipalities in Brazil are provided with nearly 15 percent of all public spending and have quite reasonable degree of control over revenues and the mayors are autonomic in initiating new programs with only minimal interference from municipal legislatures (Bräutigam, 2004, p. 658; Touchton & Wampler, 2014, p. 1446).

2.2 Structure: How It Works

Participatory budgeting is a yearlong decision-making process⁴. In organized meetings, citizens negotiate among themselves and with government officials over the allocation of new capital investment spending on public work projects, such as schools, health care clinics, street paving etc. (Boulding & Wampler, 2010, p. 126).

Research on participatory budgeting has demonstrated innovative arrangements on institutional and administrative levels. As already mentioned, new organization of decision-making process on financial municipal matters demanded changes in existent structures as well as formation of new ones. This was extremely important, because after the elections, the new government faced severe financial problems and because only a small share of the municipal budget was available for the investments (that is, 3.2 percent) almost none of the investments based on citizens' preferences were actually realized. These disappointing outcomes affected the number of people participating in the process; it experienced a decline from 1,510 participants in 1989 to only 976 in the next year. Newly-elected government began to solve these problems by introducing administrative reforms, working on an institutional setting as well as on co-operation of the different administrative departments (Novy & Leubolt, 2005, p. 2027).

⁴ See Table 1 in Appendix B for detailed information on participatory budgeting cycle in Porto Alegre.

Four new types of institutions were introduced, three of them involving deliberation: regional and thematic assemblies, the Participatory Budgeting Council (COP) and deliberation on the constitution for participatory budgeting by the participants themselves (Avritzer, 2006, p. 627). They will be further discussed within the description of yearly budgeting process.

One of the first steps in implementing the new process was the establishment of an appropriate scale so that all citizens could have the possibility to speak, participate and vote in public meetings. For this purpose the government divided city into sixteen regions that varied considerably in the size (the population of the largest was in some period almost ten times bigger than the smallest), but were still considered to be adequate to perform direct democracy. The reason for this decision was in the government's attempt to make regions with some degree of social and economic homogeneity (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 67).

Regional public meetings became the most important distinction with respect to previous standard local budgetary processes, but not the only part in which citizens play important roles. They participate both as individuals and through civil society organizations in all phases of the local budgetary process that takes place in an annual cycle. This process consists of three such stages (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 66–67):

- the definition of the citizens' preferences;
- the translation of these preferences into the investment budget;
- the monitoring and control of its execution.

The procedure is characterized by three basic principles that are particularly important for its implementation and can be connected to these three phases – grassroots democracy, social justice and citizen control. The first principle – grassroots democracy – is implemented with the help of citizens' meetings or assemblies. Citizens – as well as civil society organizations and spokespeople for City Hall – are encouraged to participate in two different types of meetings addressing distinct levels of issues, regional and thematic assemblies. The former is based on direct democracy and takes place in all of the 16 city districts. There were mainly two rounds of these meetings from March to June until 2001⁵. They were coordinated by the City Hall but this set the agenda together with local regional leaderships. In addition, local meetings (intermediaries) were organized by the local communities (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 67; Sintomer, Herzberg, & Röcke, 2008, p. 167).

⁵ The original first round of the meetings has been later replaced by preparatory meetings (Serageldin et al., 2005).

Two major tasks are performed here – the discussion on local questions with democratic decision on investment priorities and the selection of delegates and representatives to the city-wide Participatory Budgeting Council and to the Forum of Delegates (with the main role in following up on the development of the proposals put forward). Every participant has the chance to encourage and take part in a discussion and each vote is worth equally, meaning that the voting is based on the principle of one man – one vote. (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 67; Sintomer, Herzberg, & Röcke, 2008, p. 167).

The other type of meeting is the city-wide thematic assembly meeting that was introduced in 1994 as the process continually modified itself. At five thematic assemblies, the participants discuss issues that are of more general interest to the city⁶, and they also deliberate on the improvement of the planning capacities of participatory budgeting (Avritzer, 2006, p. 627; Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 67).

This phase demonstrates one of the four important characteristics of participatory budgeting. Namely, the sovereignty of elected mayors is delegated to a set of regional and thematic assemblies that operate through universal criteria of participation. Other characteristics are also present in several other phases of the process and include the combination of different elements of participation, all of which are rooted in alternative participatory traditions. These include direct participation and the election of local councillors; the principle of self-regulation as the rules for participation and deliberation are defined by the participants themselves and changed or adapted each year, and the attempt to invert the distribution of public goods through a combination of technical decisions and participation (Avritzer, 2006, p. 623–624).

The first phase is then continued with the process of representative democracy in which the investment budget is determined. Here, the main role can be attributed to the Participatory Budgeting Council in which 48⁷ members with a yearlong mandate meet at least once a week to determine investment budget in two steps. First, they select three main priorities for the whole city for the following year and then establish the concrete investment budget.

⁶ Themes that are discussed at the regional meetings include city organization, urban and environmental development, economic development and taxation, transport and circulation, health and social assistance, culture, education, sport, and leisure. Participants in regional assemblies discuss investment priorities that include areas, such as basic sanitation, water and sewage system, land, human settlement regulation, housing construction, transport and circulation, street paving, public lighting, social assistance, health, education, parks, leisure and sports, economic development and tax system, culture and environment (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 67).

⁷ Two councillors elected from each region in a second round of assemblies and two elected from each thematic assembly, two others (one from UAMPA and one from the public service trade union), and two from City Hall that have voice and influence but no vote (Avritzer, 2006, p. 628; Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 68).

Priorities are selected on the basis of priorities previously determined by the regional assemblies and those proposed from the thematic assemblies and are then elaborated by administrative personnel; the total investment budget is specified by the City Hall (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 68). This means that two types of negotiations appear, one regarding the priorities among community members and the other between them and the administration regarding the final format of the budget. Another element, deliberative in its nature, is inseparable from this stage of budgetary process since it concerns to a great extent the Participatory Budgeting Council. This body sets up its own forms of regulation, from rules for deliberation to composition (Avritzer, 2006, p. 628).

The distribution of resources among the regions followed several criteria that favoured the poor areas in the city. The inclusion of marginalized groups in the process was, as already mentioned, one of the major concerns from the very beginning. It is through the allocation criteria, the second principle – the one of social justice – is realized. The allocation formula takes into consideration the number of people living in a certain region, lack of public services or infrastructure and the local list of priorities. The latter means correspondence of the investment preferences of the area with those chosen by the city as a whole (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 68). In this manner, the underprivileged districts (e.g. the ones with a deficient services) receive more funds than those with a higher standard of living (Sintomer, Herzberg, & Röcke, 2008, p. 167). To address the actual and always changing needs, these criteria are renegotiated each year, which makes the system flexible and easy to adapt to the current situation (Novy & Leubolt, 2005, p. 2028).

The last phase of the process involves monitoring to assure that the investment projects are actually performed. The principle of citizen control is realized by four main channels – participatory budgeting council, Forum of Delegates, the local and thematic meetings that began again in March, and Plan of Investment and Services. Elected delegates in Forum monitor public works, inform the community during the whole process, and collect new demands for future work. Part of the monitoring is also performed at the meetings of citizens since they discuss the reports on the results from the previous year in order to prepare priorities for the next. The last mechanism is the Plan of Investment and Services that is distributed among the citizens presenting the entire configuration of the budget together with all the public works that were approved in the end for all regions. In this way it serves as a monitoring tool that empowers citizens to control the city's execution of project (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 67–69).

The implementation of the budget by the executive branch started in January (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 68). The legal authority and total autonomy over the rejection of budget proposals submitted by the Participatory Budgeting Council is still in the hands of the bodies of formal municipal power. However, in practice the

proposals presented by the Council are never turned down. Political costs are very high since the proposals have already been approved by the citizens, assemblies, and community organizations (Aragonès & Sánchez-Pagés, 2009, p. 57; Novy & Leubolt, 2005, p. 2028).

The city of Porto Alegre managed to realize almost all of the approved projects and found itself especially successful in reallocation of resources (this topic is addressed in the following chapter). However, wider economic situation took its toll also on the project of participatory budgeting. After the start of financial crisis in 2000, the percent of the executed demands from then on dropped from 90 percent in 2000 to 77 in 2004 (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 75).

The description of the process demonstrates that democratization as well as decentralization are its important characteristics. First, instruments of direct democracy are combined with the bodies of representative democracy. Novy and Leubolt (2005, p. 2028) believe this expands and strengthens democratic participation in the local state's economic policy-making process. Participants have an important role in decision-making processes that goes beyond that of making proposals since they also have responsibility to rank the proposed projects. In addition, they choose representatives among themselves that have an extended role in negotiating with authorities (Novy & Leubolt, 2005, p. 2028; Serageldin et al., 2005, p. 3).

The voting system also solves the collective action problem. Citizens are mobilized to vote for specific projects, which in turn motivates them to maintain pressure on government officials. This increases the likelihood of implementing citizen-participants' policy selections (Touchton & Wampler, 2014, p. 1447).

At the same time, decentralisation is achieved through administrative division of the city into regions. This allows for the allocation of resources to ensure distributive equality while each region is given a voice in this allocation (Novy & Leubolt, 2005, p. 2028; Serageldin et al., 2005, p. 3). Both the system as well as the use of quantitative criteria at different step leading to the budget allocation ensure transparency and objectivity (Serageldin et al., 2005, p. 5). This is very important in places with great differences in neighbourhoods in terms of public services, population, income per capita, educational level, housing conditions, political organization etc. The division of the city into regions for the purposes of redistribution was itself part of participatory budgeting (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 75).

Resource allocation process relies on quantitative indicators to ensure objectivity and transparency (Serageldin et al., 2005, p. 52). Moreover, allocation criteria in Porto Alegre were not set by some administrative principles or guidelines, but were renegotiated each

year and participants decided on them according to their needs. In 2005, the funds were distributed among the areas on the basis of the population of the area (relative weight 2), the quality of infrastructure or services (relative weight 4), and the local list of investment priorities (relative weight 5) (Novy & Leubolt, 2005, p. 2028). The highest priority were given to the investment preferences and the second highest to the level of inadequacy of services and infrastructure. This level was assessed by the city using quantitative indicators. The relative weight was then multiplied by the citywide rank grade for different themes to yield a point score (Serageldin et al., 2005, p. 43–44). This then determined the percentage of the investment resources that would be allocated to the region in particular sector (de Sousa Santos, 1998, p. 475). Table 1 demonstrates the allocation criteria in Porto Alegre.

Table 1. Criteria for Allocation of Capital Investments in Porto Alegre

Regional Thematic Priority (Relative Weight 5)	
1 st Priority	Grade 4
2 nd Priority	Grade 3
3 rd Priority	Grade 2
4 th Priority	Grade 1
Population Size (Relative Weight 2)	
Above 90.001 inhabitants	Grade 4
45.001-90.000 inhabitants	Grade 3
25.001-45.000 inhabitants	Grade 2
Up to 25.000 inhabitants	Grade 1
Degree of Deficiency in Infrastructure or Services in % (Relative Weight 4)	
76-100	Grade 4
51-75,99	Grade 3
15-50,99	Grade 2
0,01-14,99	Grade 1

Source: Y. Sintomer, C. Herzberg, & G. Allegretti, Participatory Budgeting Worldwide – Updated Version, 2013, p. 27, Table 2.

To better understand how the described criteria are transferred into a quantified allocation, de Sousa Santos (1998, p. 475) gives an example of street pavement.⁸ In a given year, resources for street pavement were determined in the amount corresponding to 20 kilometres. This amount was distributed among all regions using allocation criteria. Region 1 had 80.21 percent need of pavement, while region 2 had 0.14 percent. Considering Table 1, Region 1 got grade 4, which was then multiplied by weight 4. This accounted for 16 points, while Region 2, with the lowest grade, got 4 points. Concerning number of inhabitants, Region 1 had the lowest grade and thus got 2 points, while Region 2 with a

⁸ Using criteria for allocation from more recent sources, I slightly adapted de Sousa Santos' example.

large number of residents got the highest grade and 8 points. Regarding the investment preferences, first region gave the highest priority to pavement and had the highest grade. Therefore, it got 20 points. Region 2, on the other hand, gave a very low priority and got 5 points. As a result, Region 1 got 38 points altogether, while Region 2 got 17 points. These points represented shares of the global number of points for all regions. If this number was 262, Region 1 received 14.5 percent of the investment, that is, 2.9 kilometres of street pavement, while Region 2 received 6.5 percent or around 1.3 kilometres of pavement.

After the successful implementation of participatory budgeting in the city of Porto Alegre, the idea spread fast around the whole country. By 2005, participatory budgeting was performed in 170 Brazilian cities (Avritzer, 2006, p. 623). The rich literature on Brazilian experience often studies several different cases of this instrument (see for example Gonçalves, 2008; Serageldin et al., 2005; Shah, 2007) and, as a result, it is not always clear which features are common and which are specific to particular place and/or time. However, despite some distinctions, the key characteristics of the participatory budgeting process at municipal level are more or less the same.

Participation in decision-making at the municipal level is partly limited since issues that are beyond the scope of municipality cannot be addressed successfully (see next chapter for the discussion on limitations). Nevertheless, participatory budgeting has spread to hundreds of Brazilian municipalities and has also been instituted at the state level (Bräutigam, 2004, p. 659). The State of Rio Grande do Sul (the capital of which is Porto Alegre) was the only state in Brazil to have successfully implemented participatory budgeting (UN-HABITAT, 2004, p. 22). The structure of the process was similar to the one described in this chapter, however, it was very different in scale. The state with a population of 10 million consisted of 23 planning regions and 497 municipalities that held public assemblies. Through the allocation criteria, smaller settlements were favoured to ensure adequate representation of the population in rural areas. According to estimations, 1.2 million people participated over the period of four years (from 1999 to 2002), including 12 percent of the population from rural areas and small towns. Rural programs and the provision of inter-regional public facilities were perceived as the most important contributions (Serageldin et al., 2005, p. 3).

2.3 Lessons Learned

Many studies of participatory budgeting use Porto Alegre's program to demonstrate what could be achieved, as it is regarded as the most successful example of its implementation (Spada & Russon Gilman, 2015). The effects of participatory budgeting programs are only one area of analysis that concerns scholars. The other regards factors stimulating the implementation of participatory budgeting programs. These studies show that social as

well as political characteristics of municipalities implementing participatory budgeting programs in the second phase of diffusion in Brazil (1997-2004) have changed from those in the phase of initiation (Shah, 2007, p. 32).

Valuable information and studies regarding participatory budgeting in Porto Alegre provide meaningful insights about the benefits, limitations and opportunities of this new model of governance. The length of the experiment and studies performed through several successive years allow us to discuss to what extent and how did participatory budgeting in Porto Alegre meet the initial ideas.

2.3.1 Social Aspect

Participation is one of the possible aspects when studying effects of participatory budgeting programs. The experiment in Porto Alegre succeeded in the massive engagement of citizens. Their number in the meetings has increased continuously though in relative terms no more than the 5 percent of population is directly involved (Aragonès & Sánchez-Pagés, 2009, p. 58). The attendance has grown steadily and by 1999 almost a fifth of the 1.5 million people living in Porto Alegre had participated in participatory budgeting at some point in their lives (Serageldin et al., 2005, p. 4; Spada & Russon Gilman, 2015).

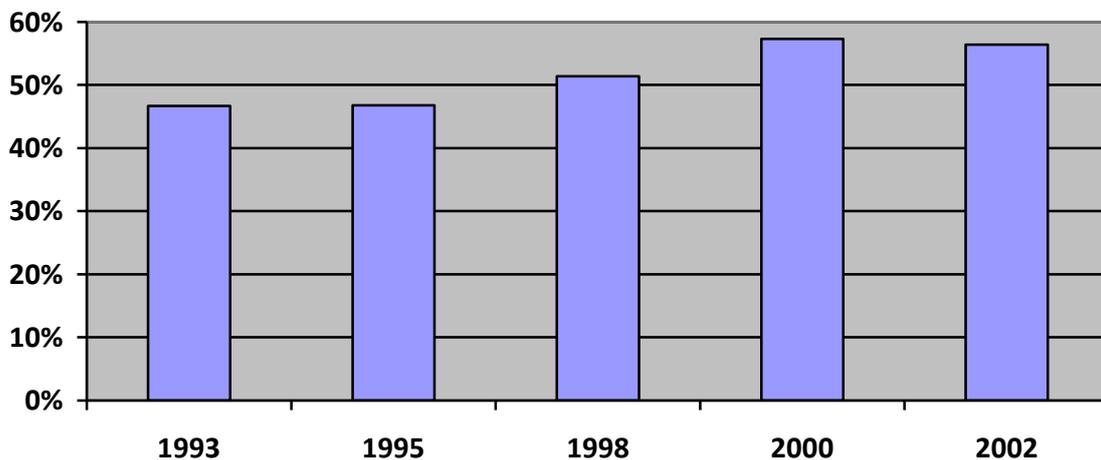
What is more noteworthy, however, is the structure of these participants. Marquetti, Schonerwald da Silva and Campbell (2012) analysed the data on economic and social profiles of participants. They argue this information serves as a direct connection to the effects of participatory budgeting on the city as well as on the lives of the participants. Participants take part in range of important activities, such as determining the preferences, monitoring the delivery and coordinating indirectly through representatives and thus it is important who they are.

As already mentioned, one of the motivations for the implementation of participatory budgeting in Porto Alegre laid in the empowerment of the social sectors that were typically excluded or underrepresented from political process before the adoption of the participatory budgeting (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 69). If this is the case the results should differ from those attained by standard representative democracy. The data demonstrates participatory budgeting in Porto Alegre in fact succeeded in mobilization of these particular citizens as they represent the majority at all levels of the process (Aragonès & Sánchez-Pagés, 2009, p. 58; Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 74). Focusing on three dimensions – income, gender and formal education, researchers found out that the citizens with lower income, lower education and women strongly participated in the process.

Majority (around 70 percent in 2002) of the participants were people with low income (monthly household income of up to four times the minimum wage). They were overrepresented especially in the first part of the process, e.g. meetings. In 1998, 57 percent of participants in the meetings were citizens with a household income not greater than a third of the city average, whereas the same group accounted for 32 percent of the city's population. Participants with household incomes no greater than two minimum wages, however, represented 31 percent of participants but accounted for only 12 percent of the population (see Aragonès & Sánchez-Pagés, 2009; Marquetti, Schonerwald da Silva, & Campbell, 2012).

With respect to gender, women were the majority at regional as well as at thematic meetings and in the course of time their participation in boards (Participatory budgeting Council) rose significantly from 10 percent in the beginning to 45 percent by the second decade (see Aragonès & Sánchez-Pagés, 2009; Marquetti, Schonerwald da Silva, & Campbell, 2012). In 1993 women represented 46.7 percent of participants, while in 2002 this grew to 56.4 percent which was higher than the female population of Porto Alegre of 53.3 percent. Comparing these numbers to their representation in municipal parliament where only 21.2 percent of the delegates in 2004 were women, confirms a high rate of female political representation in participatory budgeting process (Novy & Leubolt, 2005, p. 2029).

Figure 1. Women Participants in Participatory Budgeting in Porto Alegre 1993–2002 (in %)



Adapted after A. Novy & B. Leubolt, Participatory Budgeting in Porto Alegre: Social Innovation and the Dialectical Relationship of State and Civil Society, 2005, p. 2029.

On the other hand, some groups found themselves underrepresented in the process of participatory budgeting. Among them are upper-income groups, businesspersons and unionized workers that typically do not attend meetings due to a combination of social

distance and lack of pressing needs (Serageldin et al., 2005, p. 4). Until recently, youths and professionals were also underrepresented. With the use of technology tools, such as opening online spaces for discussion, this has been changing. Since 2012, for example, state-level participatory budgeting processes in Rio Grande do Sul experienced the highest participation rates in Brazil; around 200,000 of over 1.3 million participants participate online (Spada & Russon Gilman, 2015). One of the challenges provided by Porto Alegre example is also the increased probability that an oligarchy of super participants emerges. Over time the members of the elected citywide assembly of district representatives in Porto Alegre have become an oligarchy with very little turnover; during the 90s new participants composed 70 percent of this assembly, after 2000, the number of new members declined sharply, and by 2011, new members composed only 30 percent of the assembly (Spada, Allegretti, Secchi, & Stortone, n.d.).

The issue of representativeness is a common question when discussing citizen participation and engagement. It has been briefly addressed in the first chapter of this thesis, where questions of education, access to information, time and resources to attend meetings etc. have been raised. It seems that many people experience very different obstacles to participate and engage in the process of participatory budgeting. I believe it is crucial to understand who these people are and what obstacles they are facing. Only if we know their realities, motivations and expectations, we can motivate them and properly address their problems or needs. Ways to reach community members may be very different, such as more direct communication with community members, field visits, meetings with different groups, involvement of cultural mediators, interpreters, online voting etc.

Extremely important aspect of participatory budgeting in Porto Alegre is its redistribution, something that is especially in contrast to participatory budgeting experiences in Europe for example (this topic will be discussed later). The data shows a high level of redistribution within the city as there is a clear negative association between the number of demands per capita executed (or per capita investment) in the region and the average nominal income of the household head (Aragonès & Sánchez-Pagés, 2009, p. 58; Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 76). Participatory budgeting spending in Porto Alegre has therefore been concentrated in the poorer regions. These parts received more spending per capita than wealthier areas of municipality (Shah, 2007, p. 36). Such reallocation is attained through the allocation criteria that has already been addressed in previous chapter. The economic consequences of public works carried out in disadvantaged neighbourhoods are far-reaching as they result in the improvement in the living standard of regions as well as in the rise of value of the assets (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 76).

People were directly involved in making the decisions about their own environments and selecting their priorities without the interference of political mediators. The success of the

system thus also lays in addressing the democratically chosen priorities. Information about the citizens' preferences can be transmitted more reliably to the legislator and that helps him to make better allocation decisions (Sintomer, Herzberg, & Röcke, 2008, p. 167). Rather than waiting for top-down policies that might not address their needs in the most appropriate ways or may even not be suited for the communities that they were designed to help, citizens are now the ones that work on addressing them directly (Spada & Russon Gilman, 2015). Consequently, the social welfare costs that result from making the wrong policy choices dissonant with people's needs tend to be smaller (Aragonès & Sánchez-Pagés, 2009, p. 68). To achieve this, the bottom-up mobilization on one side has to be combined with a strong political will on the other. This has been the case in Porto Alegre. The results from some other Brazilian cities that implemented participatory budgeting as a top-down process only did not reflect those in Porto Alegre (Sintomer, Herzberg, & Röcke, 2008, p. 167).

Therefore, it is interesting to look at the change in participants' choices (see Table 2 in Appendix B). While at the beginning of the implementation of the participatory budgeting in the 1990s projects were intended to improve the basic needs, such as paving, basic sanitation, and housing, they were later shifted to others like health, social services and education. There are at least two main reasons for this shift, one being that over time basic needs have been covered and the other that participation at the meetings increased over time, and the share of citizens with lower income started to decrease (Aragonès & Sánchez-Pagés, 2009, p. 66–67). At the state level, the top priorities chosen through consensus included agriculture, education and transportation (Serageldin et al., 2005, p. 4).

Positive material effects of such decisions were demonstrated shortly after implementation. Between 1989 and 1996, the basic infrastructure markedly improved. The percentage of households with access to the sewage network went up from 46 percent in 1989 to 85 percent in 1996, while the access to running water rose from 80 percent to 98 percent during the same period. Noticeable improvements happened also in education, since the number of children in public schools more than doubled between 1989 and 1999 (Novy & Leubolt, 2005, p. 2028–2029; see Table 3 in Appendix B for more results achieved in Porto Alegre). 2010 census data for Porto Alegre demonstrate further improvements – more than 99 percent of households with electricity, adequate water supply and domestic waste collection, and 94 percent with adequate sanitation systems (Cabannes, 2015, p. 261).

Although this chapter focuses on Brazilian cities only, it seems reasonable to mention another study by Cabannes (2015) who analyzed 20 cities worldwide. The distribution of cities geographically corresponded roughly to the distribution of participatory budgeting across the world. Results show that participatory budgeting is indeed especially powerful for delivering basic service at the local level. More than half of a total spending and over a

third of all projects can be placed in seven major categories – water supply, sanitation, storm and surface water drainage, solid waste collection, treatment and disposal, roads and paths, electricity and energy. The proportion of such projects varies considerably between cities and tends to be more numerous in poorer cities and in those that implemented participatory budgeting more recently. This is similar to the case of Porto Alegre, where priorities shifted from basic needs to other areas after initial years of participatory budgeting (Cabannes, 2015, p. 250–260).

Social dimension of participatory budgeting (participation and social impact) has been identified and analysed by many researchers, since participatory budgeting was seen primarily as an instrument of social inclusion and empowerment (Serageldin et al., 2005, p. 30). Through the meetings, determination of priorities and other decision-making activities citizens connect with other members of the community and strengthen the community ties (Spada & Russon Gilman, 2015). Doing this, they also become involved in public learning; some authors address this process as “citizenship schools” (Shah, 2007, p. 50), others as “school of democracy” (Novy & Leubolt, 2005, p. 2030). Participants are provided with information and knowledge, they exercise listening and understanding as well as transforming individual needs into public interests. While appreciating the needs of others and trying to look for collective solutions they are building solidarity, overcoming a purely individualistic approach and assuming a community-based perspective (Novy & Leubolt, 2005, p. 2030).

2.3.2 Political Aspect

Next to significant material and social effects, Porto Alegre has also witnessed important changes in the conventional budgetary process. By discussing the allocation of public expenditures, it enabled policy makers to provide services, goods and policies that are more in accordance with citizens’ needs and preferences. These effects have been proved by different econometric analysis which demonstrate the shift of public expenditures towards areas, such as health (see next chapter) (Gonçalves, 2014, p. 102–108).

In addition, participatory budgeting has two crucial mechanisms – the increased accountability or commitment mechanism and the pure information mechanism (Gonçalves, 2014, p. 103). Due to high degree of accountability of the administration, it is expected to reduce the levels of corruptions and clientelism (Aragonès & Sánchez-Pagés, 2009, p. 58). It increases transparency and strengthens political accountability, because it operates as a “commitment device for the politicians” (Gonçalves, 2014, p. 94; Sintomer, Herzberg, & Allegretti, 2013, p. 39). Citizens have information about the amount of money and services/goods it should be spent on. Therefore, they are able to monitor and evaluate politicians’ actions (Gonçalves, 2014, p. 102–103). Transparency and accountability can be assessed throughout the whole process, but especially during three key moments: at the

beginning (informing citizens about assemblies, mobilizing them), after the final decisions (information about the value of projects, time and place of their implementation), and after the implementations of projects (information about the value of the works, contributions, maintenance costs etc.) (Cabannes, 2015, p. 279).

More transparent processes help towards more efficient use of public resources and as a result more projects can be implemented (Shah, 2007, p. 52). It should not be left out that the involvement of the citizens in decision-making on the budget can be also understood in terms of change of power relations where money is seen as the core aspect of power (Allegretti, 2013, p. 119). Some analysis, however, indicate that existing power relations between local governments and citizens are not often fundamentally changed (Cabannes, 2015). While some other effects of participatory budgeting are easily visible, such as reversion of priorities towards better provision of services in poorer areas or redistribution in allocating resources, administrative improvements are hard to measure. The Transparency International Index, which is the most used corruption measure, is not available at the local level. For this reason and some others, greater accountability, reduction in levels of corruption, efficiency gains, more rational administration or improvements of public service delivery are all acclaimed results, but often without measurable evidence (Zamboni, 2007, p. 2–3). Econometric studies, therefore, seem to be rare. One econometric study has been performed by Zamboni (2007), who compared areas without participatory budgeting with those that implemented it. The study suggests that participatory budgeting is not a sufficient condition for better governance, but it is the “factor that has the strongest and clearest relationship with the relatively better records of the governance indicator” (Zamboni, 2007, p. 33).

The case of Porto Alegre demonstrates the importance of administrative reform. To exercise new decision-making process, local government has to perform decentralization and reform its ways of working, communicating and collaborating with citizens. Clear rules as well as close contacts allowing transfer of information and knowledge are required to succeed (Shah, 2007, p. 52–53). Through modernization of local governments, as well as through citizen empowerment and the strengthening of community organizations, participatory budgeting contributes to the democratization of local governance (Cabannes, 2015, p. 273).

Another interesting aspect regarding political effects was studied by Spada (2009) who used econometric analysis to study the effect of participatory budgeting on the probability of re-election. The results suggest strong and significant effect since the probability of re-election of the party of the mayor is increased significantly. A party implementing participatory budgeting increases the probability of winning the next mayoral election by more than 10 percent. The result does not change if various changes in specification are made, such as controlling for tax and other type of expenditures, controlling for the

presence of surplus or using per capita values. Author argues this may contribute to some of the explanations of the motivation behind the widespread adoption of participatory budgeting.

2.3.3 Economic Aspect

In contrast to the social dimension, several concerns about economic assessment of participatory budgeting have been raised among economists, according to Serageldin et al. (2005). One of such issues is the maximization on local investments resources. To estimate the economic returns, the attribution of values or relative weights of objectives underlying public investment is needed. Because of the differences among localities, which reflect their demographic characteristics, economic opportunities, political affiliation, and the living conditions of different segments of the population, some authors believe such attribution is difficult (Serageldin et al., 2005, p. 52).

Many studies focus on particular and selected case studies to discuss the effects of participatory budgeting. Some authors question the representativeness of such peculiar situations and instead conduct empirical studies using long-term data of different participatory budgeting experiences.

One of such studies has focused on the effects of participatory budgeting on local finances and living standards. Using the data for the whole of Brazil in the period from 1990 to 2004, the results show that participatory budgeting at the municipal level increases expenditure on basic sanitation and health services (such as waste removal, water and sewage connections). The study has compared areas with participatory budgeting and areas without it and found an average difference of above 3 percent points of the budget share devoted to sanitation and health (this is 30 percent of the variable's sample mean at the beginning of the period). Moreover, areas with a greater share of participatory budgeting spend larger parts of their total budgets on sanitation and health. It is important to note that such allocation of expenditures towards sanitation and health reflects demands expressed by participants in the meetings (Gonçalves, 2014, p. 103–106).

This allocation further affects infant mortality – another important aspect of the study, which is demonstrated in Table 2. Econometric analysis shows that there is a significant reduction in the infant mortality rates in those municipalities that adopted participatory budgeting. Columns 1 and 2 in Table 2 demonstrate a negative association between participatory budgeting adoption and infant and child mortality rates, while columns 3 and 5 show infant and child mortality rates and a greater proportion of the budget spent on sanitation and health. Results are the same when participatory budgeting is used, which is seen in columns 4 and 6. Moreover, in areas with participatory budgeting each Real that was spent on sanitation and health had larger impact in reducing infant mortality than in

areas without participatory budgeting. Author of the study believes that this is the result of different effects of participatory budgeting – reduced asymmetries of information between politicians and citizens and promotion of a greater monitoring on the projects funded from the public budget (Gonçalves, 2014, p. 104–107).

Table 2. The Effect of Participatory Budgeting and Health and Sanitation Expenditures on Mortality

OLS- fixed effect	Infant mortality (1)	Child mortality (2)	Infant mortality (3)	Infant mortality (4)	Child mortality (5)	Child mortality (6)
PB	-0.002*** [0.001]	-0.0004*** [0.000]		0.001 [0.001]		0.000 [0.000]
Exp on health and sanitation/BME			-0.005*** [0.002]	-0.004** [0.002]	-0.001** [0.000]	-0.001** [0.000]
(Exp on Health & Sanitation/BME) * PB				-0.012** [0.005]		-0.003** [0.001]
Control variables	Yes	Yes	Yes	Yes	Yes	Yes
Year effect	Yes	Yes	Yes	Yes	Yes	Yes
MCA effect	Yes	Yes	Yes	Yes	Yes	Yes
Observations	47,707	47,707	47,707	47,707	47,707	47,707
No. categories (MCA's)	3,650	3,650	3,650	3,650	3,650	3,650
R-squared	0.44	0.48	0.44	0.45	0.48	0.48

Note. * PB represents the % of budget within the MCA decided in municipalities with participatory budgeting; MCA (minimum comparable area) is the unit of the observation for the econometric analysis and its use is a standard practice in the analysis of panel administrative data for Brazil; it allows tracking the same unit across the period under analysis; Control variables include MCA total budget, political party of the mayor and state-specific time trend; ** Significant at 5 %; *** Significant at 1 %.

Source: S. Gonçalves, The Effects of Participatory Budgeting on Municipal Expenditures and Infant Mortality in Brazil, 2014, p. 105, Table 7.

However, it should be noted that welfare improvements are not self-evident and natural result of the adoption of participatory budgeting (Gonçalves, 2014, p. 108). As will be discussed later, participatory budgeting needs adequate financial resources as well as political commitment and will of the local governments in order to be yield successful results (Avritzer, 2010 in Gonçalves, 2014, p. 108).

Another study that used the data for the whole country was performed by Spada (2009). The data for 562 Brazilian cities with the population above 50,000 between 1996 and 2008 was used in an econometric model to study the fiscal and political effect of participatory budgeting. The model regresses the average public expenditures over four year time period

on a dummy indicating the use of participatory budgeting during the period. Control variables capture difference in wealth and size and, therefore, include the average revenues during the period, the average population and a measure of the power of the Worker's Party, because this is the first party that introduced Participatory Budgeting and is in power in more than third of the cities adopting it (Spada, 2009, p. 11–12).

According to his findings, the most important conclusion is that participatory budgeting has a significant effects on the allocation of public spending. The share of public spending devoted to health care is positively associated with participatory budgeting. This does not change when considering distinct specifications, such as controlling for total expenditures, controlling for the presence of surplus, controlling for GDP or using per capita values. In contrast, the study finds no evidence that participatory budgeting has any effects on the revenues (Spada, 2009, p. 14–16).

The econometric analysis using data of Brazilian municipalities has also been done by the World Bank (2008). Study compared municipalities that implemented participatory budgeting with a random sample of municipalities that did not adopt it. The model controlled for the number of votes for the Worker's Party, because in areas with large support of the party participatory budgeting was more likely to be adopted (Fabre, 2015, p. 15). In this way, the analysis can determine whether the impacts were the result of participatory budgeting, and not the political process (including strong participation through informal channels of voice) associated with substantial support of the Worker's Party that brought it into power (World Bank, 2008, p. 91, 98). Other control variable was GDP per capita (Fabre, 2015, p. 15).

Table 3. Impacts of Participatory Budgeting on Living Conditions in Brazil

	Matching without votes for Worker's Party			Matching with votes for Worker's Party		
	Poverty rates	Access to Piped Water	Sewerage	Poverty rates	Access to Piped Water	Poverty rates
PB before 1996	-8.69***	0.07***	0.25***	-19.85***	0.11***	0.28**
PB after 1996	3.95	0.05***	0.19**	0.00	0.18**	0.48***
GDP p. c.	-1.02***	0.00**	0.00	-3.61***	0.00	0.00
N	3,479	4,256	7,479	36	82	109
R2	0.30	0.50	0.18	0.72	0.63	0.33

Note. *p<.1, **p<.05, ***p<.01

Source: World Bank, Brazil: Toward a More Inclusive and Effective Participatory Budget in Porto Alegre, 2008, p. 92, Table 21.

As shown in Table 3, participatory budgeting led to a better access to piped water and sanitation in all municipalities with participatory budgeting. Moreover, it contributed to a reduction of poverty rates, but only in those municipalities where it was adopted for more than a decade. This impact on poverty occurred despite a reduction in GDP per capita in these municipalities. Authors therefore suggest that participatory budgeting can contribute to a redistributive impact over the long run (World Bank, 2008, p. 98).

On the other hand, positive impacts on fiscal performance were not confirmed in the study. Authors connect this with the exclusive focus of the participatory budgeting on investment capital allocations and its weak connection to other fiscal management decisions, e.g. expenditure execution, current expenditure allocations, and revenue collection (World Bank, 2008, p. 98).

Results achieved by the implementation of participatory budgeting can be constrained by various factors and the successful experience is not always the case. Different authors (Marquetti, Schonerwald da Silva, & Campbell, 2012; Shah, 2007) describe several limitations of participatory budgeting programs that may reduce its effects.

The importance of financial resources has already been discussed in sense that their inadequacy significantly affects the execution of projects. However, in addition, this limitation also gives evidence that participatory budgeting programs cannot control the available amounts of resources, since these are determined outside of its process. Therefore, the participatory budgeting programs are limited in a way that functioning and the outcomes of such programs largely depend on factors that cannot be controlled in the process itself (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 78). It is accepted that the greater the percentage of the budget debated in participatory budgeting, the better the experience and interest of the citizens. While in Europe the process often has less than 1 percent of the budget at its disposal, in Porto Alegre 100 percent of the budget is considered as participatory. This is because the participatory budget council examines and comments on the whole budget before it is sent to the Municipal Council. The part, which is discussed in participants' assemblies, however, accounts for 100 percent of the resources available for investment. It varies on yearly basis, but is more than 10 percent of the total budget (UN-HABITAT, 2004, p. 40).

One of the factors determined outside of the process of participatory budgeting is also the political commitment of the authorities. The election of municipal representatives is something that is yet again determined outside of the process (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 78). The case of Porto Alegre clearly demonstrates the importance of political will and the dependence of the programs' success on the government leaders' commitment. Despite people's involvement in policy-making process, the government's support and influence is crucial. Government still performs several tasks,

such as organization of meetings, information transfer, implementation of projects etc. (Shah, 2007, p. 46). In Porto Alegre, for example, the new administration in 2005 supported the process only on paper and therefore started to weaken it (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 78; Spada, 2009, p. 6). Delays in the implementations of investments, lack of information, changes in organizational rules in the direction of the professionalization of the Participatory Budgeting Council's representatives, the sharp drop in the share of executed investments to less than 10 percent draw attention to the fragility of the participatory budgeting process (Spada, 2009, p. 6). In addition, there is also a risk that programs can become manipulated and organized form of clientelism (Shah, 2007, p. 47; Spada, 2009, p. 6). Finally, there are some other factors beyond the control of participatory budgeting process that may significantly contribute to its effects, such as economic crisis.

Another limitation concerns the absence of long-term planning, because participatory budgeting programs are focused only on short- and some medium-term issues. This short term outlook is reinforced by the programs' emphasis on local problems and specific public works in different parts of the city (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 79; Shah, 2007, p. 46). Linked to this is the emphasis on local issues and local public policies, as participatory budgeting is largely restricted to the operations at a city level and does not access or determine decisions on higher levels, state or national (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 78). Participants are addressing problems in their communities, but are not challenging broader socioeconomic forces greatly influencing their lives, such as unemployment, lack of educational opportunities, access to healthcare etc. (Shah, 2007, p. 47). In addition, due to this focus the participation may become oriented toward short-term instrumental goals and therefore the impact of public learning or empowerment can also be diminished (Shah, 2007, 45–46).

In this sense, Boulding and Wampler (2010) discuss several reasons that can affect participatory programs and the government's ability to improve social well-being. The priorities of the citizens may be focused only on short-term gains which may not produce substantial improvement in well-being, some community groups might mobilize large number of citizens and therefore benefit, and the most pressing issues, such as unemployment or violence that are part of the policies beyond authority or resources of local governments. In their analysis of Brazilian municipalities, they found only little impact of participatory budgeting programs on well-being on short run compared to those without such programs in terms of income and wealth distribution.

In a later study conducted by Touchton and Wampler (2014), a much larger data over 20 years for municipalities with more 100,000 residents was used in large-N study. The results show a positive relationship between participatory budgeting and three critical aspects to improve well-being. Participatory budgeting programs are strongly connected

with increases in health care spending, increases in civil society organizations, and decreases in infant mortality rates. These connections are strengthened dramatically in the long-term.

To explain, participatory budgeting generates an estimated 6 percent increase in spending on health care and sanitation. However, there is no statistically significant difference between municipalities using participatory budgeting for less than four years and those that never implemented the program. Nevertheless, for programs running eight years or more, estimate of municipal spending on health care and sanitation is increased by 23 percent. Similarly, participatory budgeting generates an estimated 11 percent decrease in infant mortality per 1,000 lives, but municipalities practicing it for at least eight years will experience an estimated 19 percent less infant mortality than a municipality practicing PB for less than four years. The benefits from adopting participatory budgeting are thus built over a number of years and result from long-term institutional and political change (Touchton & Wampler, 2014). Finally, the population and budget size play a significant role as municipalities with larger budgets and greater populations are associated with greater spending on health care and sanitation, lower infant mortality, and greater numbers of CSOs (Touchton & Wampler, 2014, p. 1459).

Many critics of participatory budgeting question the significance of resource mobilized. Since participants mostly decide over a small part of the overall city budgets, they believe the power of participatory budgeting to significantly improve the quality of citizens' well-being is rather small. On the other hand, the value of these resources, although limited, may be perceived as much higher if one acknowledges that resources meet needs that are real and may otherwise be overlooked (Cabannes, 2015, p. 270). While Nelson Dias, a practitioner in African cities, admits that resources are small, he also believes that they "are worthwhile for the changes they bring, and we cannot assess the financial volume only through mathematical lenses, as the impact is qualitative. Indeed, we work with peanuts, but they change directions and meet essential needs" (Cabannes, 2015, p. 270).

3 WORLDWIDE DISSEMINATION OF PARTICIPATORY BUDGETING

3.1 Spread of Participatory Budgeting

Participatory budgeting has expanded shortly after the implementation in Porto Alegre to other Brazilian municipalities. There are different estimations about the number of municipalities that instituted participatory budgeting programs – some referring to 250 municipalities by 2004, others to more than thousand by 2006. No matter which estimation is more correct, the fact is that the successful initiation of participatory budgeting programs

contributed to its expansion to Latin American countries first, followed by other continents. In an economic order where people face great inequalities of wealth as well as of economic power, it is most often regarded as an important instrument to foster economic democracy (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63).

It is hard to determine the exact figures of different participatory budgeting experiments. Sometimes programs may use this label despite having rarely anything in common with participation procedures, while some other experiences clearly resemble the most common characteristics, yet do not use the same term or are not known outside their specific areas. Nevertheless, the estimations are that around a third of all the participatory budgets in the world are in Latin America with one of the world's largest densities being in Brazil (Sintomer, Herzberg, & Allegretti, 2013, p. 11).

In the same manner that the particular context of Porto Alegre was described and in order to better understand the specific structure, process as well as the outcomes of participatory budgeting program implemented there, it has to be taken into account that the translation of the idea of participatory budgeting in other concrete situations resulted in modifications and many different forms. Focus of participatory budgeting on local concerns and context-specific needs is linked to the need to integrate with forms of local governance that already exist. In addition, it is not a static, but rather modifying process, constantly changing in a specific location and over time (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63). While expanding it thus incorporates new approaches, all variants of participatory budgeting remain at least one thing in common, namely that people discuss the budget (Allegretti, 2013, p. 120).

There are no limits regarding the number of residents or the size of the city where participatory budgeting has been introduced. The procedure has been adopted on different continents in more than 1,400 cities by 2010. These are large cities as well as medium-sized, part of the cities or small communes (Sintomer, Herzberg, & Röcke, 2008, p. 164). Porto Alegre has become an inspiration and a point of reference for many of them. This was partly influenced by the meetings of the World Social Forum in Porto Alegre in 2001, 2002, 2003 and 2005, but also by the advocacy of international organizations such as World Bank and UN Habitat despite many examples in Latin America with very different results (Boulding & Wampler, 2010, p. 125; Sintomer, Herzberg, & Röcke, 2008, p. 168).

For this reason, a fast increase in participatory budgeting has been seen on other continents, in Europe particularly since 2001. The European situation is described in more detail below. Other continents, however, took various ways in introducing such programs. In Africa, the main role in initiation of participatory budgeting belonged to different international organizations and development cooperations, but at the same time grassroots exchanges with Latin America and Europe evolved. As a result, approximately one

hundred experiments were recognized by researchers in 2012, the majority of which took place in Cameroon, Congo, Madagascar and Senegal. The estimated number is similar for Asia, where the increase in number of participatory budgets is observed around 2005 and where an important role as a point of reference plays the experience in Brazil (Sintomer, Herzberg, & Allegretti, 2013, p. 12). In the last decade, many cities, especially African, managed to get international aid or financing for projects that are designed, discussed and prioritized in the process of participatory budgeting. This mobilization of resources beyond local budgets seems extremely important (Cabannes, 2015, p. 271).

In spite of the promotion of Porto Alegre's experience by several different agents, some authors (Gamuzza & Baiocchi, 2012) point out to the simplification of description often made by such organizations. They criticise their understanding of participatory budgeting not as a device within a set of reforms to administration but rather as a device that itself could help improve administration. Increased revenues are sometimes framed as an outcome of participatory budget, while forgetting the fiscal reforms as a pre-condition to participatory budgeting.

There are different conceptualizations of participatory budgeting that were particularly stimulated by numerous different configurations after the dissemination. Specifically, some consider participatory budgeting as a rigid standard procedure while others see it as a series of principles that can be locally adapted. For this reason, it can be perceived as what Appadurai defines as an "ideoscape", signifying a political model that travels globally but exists only through local appropriation that continuously modifies the model itself (Alves & Allegretti, 2012).

New forms and configurations encouraged researchers to analyse the process of transmission and new characteristics of programs in connection to those in Porto Alegre, to question the possibility for participatory budgeting transfer or the expansion of its effects, or to study its effect in different contexts (see Avritzer, 2006). Regarding the transmission, different phases have been determined by Gamuzza and Baiocchi (2012):

- the first phase in which participatory budgeting travelled especially in Brazil as part of a set of comprehensive administrative reforms and to some extent in Latin America in the 1990s as a centrepiece of a political strategy. In this phase administrations implemented participatory budgeting wholesale, they often adapted or innovated some parts, but implemented also the administrative reforms; participatory budgeting did not travel as politically neutral, but rather as a representative of a leftism that could work because it managed to broke with clientelism on one hand, and with movements or the idea that leftists could only oppose capitalist institutions instead of transforming them on the other hand.

- the second phase in which participatory budgeting won international attention and began to travel as a politically neutral device that could improve governance and generate trust in government; authors believe this was “premised on the decoupling of Participatory Budgeting from a broader set of institutional reforms of which it had been part in 1990s.” (Ganuza & Baiocchi, 2012, p. 1–2); the mechanisms that linked participation to redistribution disappeared from the prescription and social justice thus became less important.

The analysis of different participatory budgeting experiences around the globe has been similar to those focusing on its initial program in Brazil so the debates concentrate on motives for embracing participatory budgeting programs and on its effects while taking into account modified characteristics. The discussion follows two theoretical frames, namely participatory democracy and deliberative democracy but interprets them in different ways. According to Sintomer, Herzberg and Röcke (2008, p. 165) one follows Habermas and the other post-Marxist tradition. Authors following the former have insisted on the conditions for a good participatory deliberation while the others have focused on the importance of participatory devices for and in social struggles.

Some authors (see Novy & Leubolt 2005) discuss the motivation for the implementation of participatory budgeting. They argue it has been transformed, so in Europe the main objective became the increase of economic efficiency, rather than the changes in political priorities and power relations. Consequently, in many cases, only mere consultation is performed instead of such participation in decision-making process that has been witnessed in the Porto Alegre experience. The potential for the empowerment of citizens is thus also significantly reduced. On the other hand, although some initial goals may not be followed nor achieved, the potential of creativity of distinct models and its ability to address and adapt to specific local contexts makes it possible for participatory budgeting to follow different ends (Sintomer, Herzberg, & Allegretti, 2013, p. 11).

Similarly to the latter perception, several objectives have been recognized such as an increase in the civic spirit of residents and in their ability to maturely interpret the complexity of the local area, as well as the rebalancing of the distortions produced by the market society, the ethical growth of the institutions, the extension of rights to the city to all its inhabitants and the spreading of forms of negotiated solidarity that allow the fair redistribution of public resources in favour of the most socially, culturally and economically disadvantaged groups (Allegretti & Herzberg, 2004, p. 6).

3.2 Typology of Participatory Budgeting

Numerous forms of participatory budgeting and differences between the cases demonstrate to what degree the programs are structured to address particular economic, social, and political environments and are also gradually shaped by them (Shah, 2007, p. 23). For this reason, it is hard to form a rather universal definition, let alone to model different participatory budgeting programs. Nevertheless, there are attempts among some researchers to distinguish between huge numbers of concrete experiments and arrange them at least in different groups, which would allow different comparisons.

These classifications can be based on different characteristics, such as procedures, types of projects, etc. Wampler (in Shah, 2007, p. 36), for example, recognizes two main tracks of participatory budgeting programs regarding projects they are focused on: public works programs with the focus on specific public works projects; and thematic programs, where focus is shifted to general spending policies, e.g. allocating increased spending to a particular type of health program. One track may be followed by another since most of the programs at the beginning concentrate on specific projects, but over time debates expand to cover more general policies.

The same author (in Spada, 2009, p. 7) also distinguishes between three types of participatory budgeting based on those who implement it: participatory budgeting programs that are implemented by pro-forma adopter, those implemented by policy advocates and those that are implemented by policy entrepreneur. He further observes that many processes are just a façade, since the percentage of investment that is really decided of the population is quite small and effective participation is restricted to the elite of community leaders that are often co-opted by the city government while the whole process is highly controlled by the city executive.

On the other hand, Cabannes (see Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63) uses other indicators and specifies seven dimensions in which participatory budgeting takes different forms: direct democracy versus community-based representative democracy, city-based participatory democracy versus community-based participatory democracy, what body is in charge of the participatory decision making, how much of the total budget is controlled by the participatory bodies who make the final budget decision, social control and inspection of works once the budget has been approved, and the degree of formalization and institutionalization.

Another approach that will be discussed in detail below was proposed by Sintomer, Herzberg and Allegretti (2013). Initially, authors formed typology focusing on methodologies and procedures but later decided to improve it due to its lack of

applicability in very distinct contexts. Using Weberian approach they distinguish between six categories perceived as ideal types that are composing a sort of conceptual map on which empirical cases can be placed (see Appendix C). Real cases are never the same as these six idealized models but rather fluctuate between them and only allow for some orientation. Models or ideal types of participatory budgeting are classified into categories according to six criteria – the socio-political context, ideologies and political goals, participatory rules and procedures, the dynamics of collective action, the relationship between conventional politics and participatory processes and the strengths, weaknesses and challenges of each participatory experience.

Based on these criteria typology includes six models (Sintomer, Herzberg, & Allegretti, 2013):

- Participatory Democracy;
- Proximity Democracy;
- Participatory Modernization;
- Multi-stakeholder participation;
- Neo-corporatism and
- Community Development.

Their main characteristics are described in Table 4. The selected ones are discussed later on.

Table 4. Key Characteristics of Models of Citizen Participation

	Participatory democracy	Proximity democracy	Participatory modernization	Multi-stakeholder participation	Neo-corporatism	Community development
1. Context						
Relationship between state, market and third sector	Central role of state	Central role of state	Central role of state	Hegemony of the market	Central role of state Hegemony of the market, assertiveness of the third sector	
Political leaning of local government	Left-wing	Variable	Variable	Variable (but no radical left)	Variable	Variable

(table continues)

(continued)

	Participatory democracy	Proximity democracy	Participatory modernization	Multi-stakeholder participation	Neo-corporatism	Community development
2. Frames and goals						
Normative frames	Participatory democracy, post-authoritarian socialism	Deliberation-oriented version of republicanism, deliberative democracy	Participatory version of New Public Management	Participatory governance	Neo-corporatism, participatory governance	Empowerment, community organizing, pedagogy of the oppressed, libertarian traditions, left-wing liberalism
Social goals	Social justice, inversion of priorities	Renewal of social relationships, solidarity without redistributive policies	Social peace, no redistributive objectives	Social capital reinforced, economic growth, increased redistributive goals	Consensus and social cohesion	Empowerment of subaltern groups, affirmative action, no overall redistributive policy
3. Procedures						
Rules, quality of deliberation	Clearly defined rules, good quality deliberation	Informal rules, deliberative quality weak or average	Rules may be clear, weak deliberative quality	Clearly defined rules, average to good deliberative quality	Rules may be clear, variable deliberative quality	Rules may be clear, average to high deliberative quality
Procedural independence of civil society	Strong	Weak	Weak	Weak	Variable	Strong
Fourth power	Yes	No	No	No	No (at local level)	Yes
4. Collective action						
Weight of civil society in process	Strong	Weak	Weak	Weak	Strong	Fairly Strong
Top-down vs. bottom-up	Top-down and bottom-up	Top-down	Top-down	Top-down	Top-down	Top-down and bottom-up
Consensus vs. cooperative conflict resolution; countervailing power	Cooperative conflict resolution Countervailing power	Consensus No countervailing power	Consensus No countervailing power	Consensus No countervailing power	Consensus No countervailing power	Cooperative resolution of conflicts Countervailing power

(table continues)

(continued)

	Participatory democracy	Proximity democracy	Participatory modernization	Multi-stakeholder participation	Neo-corporatism	Community development
5. Others						
Link between conventional and participatory politics	Combination	Instrumental use of participation	Weak (participation is a management tool)	Weak (participation is a management tool)	Strengthening of conventional participation	Substitution (participation develops outside conventional politics)
Strengths, weaknesses, challenges	Combining strong participation with social justice, very specific conditions, linking participation to modernization; avoiding risk of co-opting mobilized citizens	Improved communication between policy-makers and citizens, selective listening, combining participation with formal decision-making process; and with state modernization	Linking participation with modernization; broad political consensus, low level of politicization, to increase participation and autonomy of civil society	Inclusion of private corporations, dominance of private interests, balancing the weight of stake-holders; autonomy of NGOs	Creation of social consensus, exclusion of non-organized citizens; asymmetric power relations, linking participation with modernization ; autonomy of civil society	Fits in contexts with weak local governments and strong community tradition, no overall vision of the town, limiting managerial influence; going beyond the micro-local level PB:
Countries	PB: Latin America, Spain, South Korea	PB: Europe, North-America, Korea, Japan, countries of Global South	PB: Germany, Northern Europe, China	PB: Eastern Europe, Africa	PB: Limited	PB: Anglo-Saxon countries, Japan, Global South

Source: Y. Sintomer, C. Herzberg, & G. Allegretti, *Participatory Budgeting Worldwide – Updated Version, 2013, p. 22–23, Table 1.*

The first ideal type – *participatory democracy* – describes the experiments in which representative democracy is combined with direct democracy (or semi-direct). As in the case of Porto Alegre, which had already been described in detail, there is strong participation of citizens in the decision-making process, they choose their own representatives and directly influence the decisions of governments. In such models, decisions of citizens have a binding role that are generally sanctioned through a political pact. By doing so, the local institutions commit to respect the will of participants. As a result, the power of citizens in decision-making makes them the fourth power as well as counter-wailing power. Other important characteristics of the model include empowerment, collective resolutions of conflicts, and inversion of priorities. The emphasis

on social justice was already demonstrated in Porto Alegre's case when analysing the effects of redistribution. However, such model can succeed only if there is a strong political will and commitment of governments to work together with independent civil society (Sintomer, Herzberg, & Allegretti, 2013, p. 15–17).

The main difference between the first and the second model is in the power of citizens. In the *proximity democracy model* such power is limited, because governments are the ones that have the power to choose proposed ideas or projects by themselves at the end and informal rules of procedures further decrease citizens' autonomy. Here, it is more about consultation and arbitrary selective listening of self-mobilized individual citizens and less about social justice and politicization. Such experiments are most common in Europe and are usually top-down models supported by councils and with reduced amounts of funds (Sintomer, Herzberg, & Allegretti, 2013, p. 17–18).

Similarly, the model of *participatory modernization* is defined by limited autonomy of the civil society, top-down approach, consultative nature, and lack of interest in social justice. The distinction to the former is in the modernization that goes beyond the neighbourhood level as it includes also the central administration and its main service providers. The processes are mostly managerial and technocratic procedures are in the focus; participants are seen as clients and are mainly from the middle class (Sintomer, Herzberg, & Allegretti, 2013, p. 18–19).

Multi-stakeholder participation model is diametrical opposition to participatory democracy model. It is defined particularly by the asymmetrical power relations in which civil society is the one with low power and little autonomy. Non-organized citizens are not included but there are number of actors such as private enterprises (excluded in other models), NGOs and local government that discuss the budget. This top-down approach has been promoted by international organizations, including World Bank and the United Nations (Sintomer, Herzberg, & Allegretti, 2013, p. 19).

These organizations also helped to disperse the *neo-corporatist* model. It is a top-down process, mostly consultative, with important but limited role of civil society regarding procedural independence. It is common in participatory strategic plans since the main goal of governments is to reach social consensus through broad consultation with very different actors, such as local institutions, organized groups (professionals' associations, trade unions, NGOs etc.) and social groups (immigrants, the elderly etc.) (Sintomer, Herzberg, & Allegretti, 2013, p. 20).

The last model is *community development* model. Some of its characteristics are similar to participatory democracy model, namely the emergence of countervailing as well as fourth institutional powers, exact rules of procedure, strong participation with quite high quality

of deliberation and the combination of bottom-up and top-down dynamics. Contrarily, political commitment of governments is not crucial and there are no close connections to local institutions. The most important component of this model is a phase of project implementation by local communities rather than by civil servants. Civil society is independent, organized, participatory budgeting is more detached from municipal politics and the latter hardly transforms priorities. At the same time, the NGOs have important roles and participants are mostly from the upper part of the working class associated with community associations. Normative frames include empowerment, community organizing, pedagogy of the oppressed, traditions of local communities, such as indigenous etc. The limitations refer especially to the focus on micro-local level and to the possibility of community organizations to turn into bodies producing services for public local institutions (Sintomer, Herzberg, & Allegretti, 2013, p. 20–21).

3.3 Participatory Budgeting in Europe

3.3.1 Expansion of Participatory Budgeting in Europe

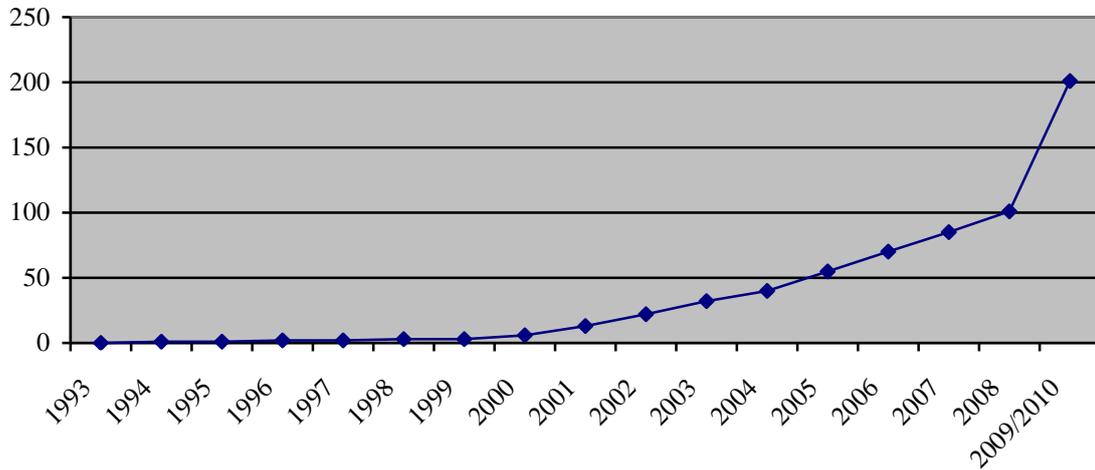
The idea of participatory budgeting spread to Europe from Latin America and this was the second continent to implement it (Ganuza & Baiocchi, 2012, p. 8). Social forums in Porto Alegre played an important role in the dissemination as they were attended by many politicians, NGO representatives and other visitors from European countries (Sintomer, Herzberg, & Allegretti, 2013, p. 41). In addition, at the beginning of the new millennium, changes in legislation were performed in several countries to increase public management's transparency, including the United Kingdom's Local Government Act in 2000, Holland's Local Democracy Law in 2002, French Proximity Democracy Law in 2002 and Spain's Local Government Modernisation Law in 2003 (Ganuza & Baiocchi, 2012, p. 7–8).

Figure 2 shows how the number of participatory budgets increased in Europe from only a handful of experiments in 2000 to more than 100 programs in 2008 (Sintomer, Herzberg, & Röcke, 2008, p. 168–169). According to some authors (Ganuza & Baiocchi, 2012, p. 8), their number in Europe rose to more than 200 in 2010, while others describe this being the case already in 2009 (Sintomer, Herzberg, & Allegretti, 2013, p. 41)⁹. The largest increase of participatory budgeting programs after 2005 was observed in Italy, Spain and Portugal. Lisbon became the first capital with a city-wide participatory budgeting with electronic voting and was followed by Bratislava in 2011. Norway and Sweden implemented such

⁹ Since there are different estimations about the number of participatory budgeting in 2009 and 2010, both years in the figure are presented together. The exact numbers are not crucial, as the purpose is to show the sharp rise in recent years.

programs in 2008, Iceland in 2010 and Finland in 2012 (Sintomer, Herzberg, & Allegretti, 2013, p. 41, 43).

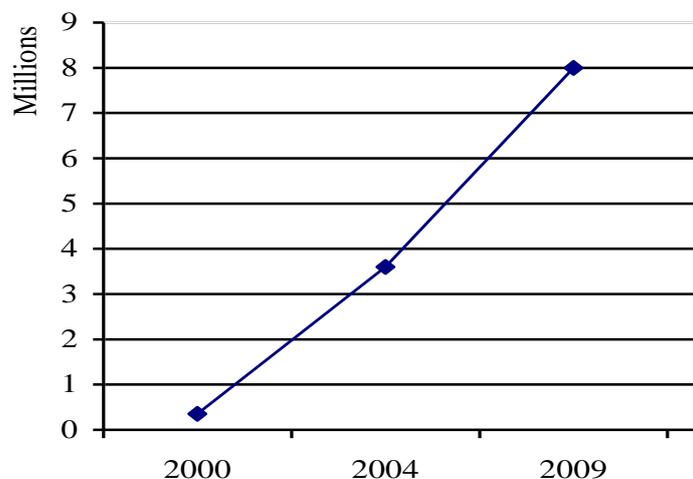
Figure 2. Number of Participatory Budgets in Europe (1993–2010)



Adapted after Y. Sintomer, C. Herzberg, & A. Röcke, Participatory Budgeting in Europe: Potentials and Challenges, 2008, p. 169, Figure 2; Y. Sintomer, C. Herzberg, & G. Allegretti, Participatory Budgeting Worldwide – Updated Version, 2013, p. 41; E. Ganuza & G. Baiocchi, The Power of Ambiguity: How Participatory Budgeting Travels the Globe, 2012, p. 8.

The number of people living in European cities and districts with participatory budgeting increased even more rapidly. Specifically, the number doubled in two years to almost 5 million residents in 2005. However, the share of population was still extremely low compared to Brazil and was around 5 percent in Spain and more than 40 percent in Brazil (Sintomer, Herzberg, & Röcke, 2008, p. 168–169). It then reached 8 million in 2009 (Sintomer, Herzberg, & Allegretti, 2013, p. 41).

Figure 3. Population Living in European Cities/Districts with Participatory Budgeting (in Millions)



Adapted after Y. Sintomer, C. Herzberg, & A. Röcke, Participatory Budgeting in Europe: Potentials and Challenges, 2008, p. 168–169; Y. Sintomer, C. Herzberg, & G. Allegretti, Participatory Budgeting Worldwide – Updated Version, 2013, p. 41.

National policies strongly affected participatory budgeting programs in Europe after 2009. While in Germany, Poland, Portugal, and the United Kingdom, the number of programs increased (more than 1,000 rural and rural-urban municipalities in Poland were involved in co-decision making on the local budget after the “Solecki Law”), a sharp drop in programs was experienced in Italy and Spain. In Spain, the majority of local governments lost 2011 municipal elections and the new ones did not carry on with programs, while in Italy this happened due to abolition of the local property tax on first homes. A year later, programs started to slowly recover (Sintomer, Herzberg, & Allegretti, 2013, p. 41).

European countries are adopting various participatory budgeting programs and procedures as responses to current challenges, such as political dissatisfaction, financial problems, high electoral abstinance etc. (Sintomer, Herzberg, & Allegretti, 2013, p. 41).

3.3.2 Diversity and Impacts of Participatory Budgeting in Europe

As already discussed, the forms of participatory budgeting in Europe vary significantly from each other. One of the characteristics that they mostly have in common, however, is the absence of social justice principles. While these principles were the major concern and motivation for the inception of participatory budgeting in the first place, here the goals are much more oriented towards good governance (Ganuza & Baiocchi, 2012, p. 7–8). Radical vision of Porto Alegre participatory budgeting program has been replaced by other models and the first successful implementation in Brazil is not the main inspiration anymore

(Sintomer, Herzberg, & Allegretti, 2013, p. 41). European experiments are further on characterized by political neutrality as well as low institutional profile; institutional changes or reforms are rarely needed (Ganuza & Baiocchi, 2012, p. 8).

Referring to the six model typology discussed above, the authors (see Sintomer, Herzberg, & Allegretti, 2013, p. 42–44) of this classification analysed several programs from individual European countries and described their most common orientations. Many of them, especially in the so-called Eastern Europe, were organized from the outside as pilot projects by international development organizations in cooperation with local partners and for this reason brought to a standstill when projects ended. Nevertheless, there are a number of programs going on, for example in Poland, which witnessed broad public debate on participatory budgeting.

The majority of European participatory budgeting programs are variations of the proximity participation model and are found especially in countries such as Belgium, Italy, France, Norway, Portugal and Sweden. Italy is together with Spain also the country with the most cases of the variations of participatory democracy model as well as programs with the elements of the multi-stakeholder participation model.

Similar to the analysis of participatory budgeting experience in Porto Alegre and Brazil in general, researchers of participatory budgeting in Europe are mainly focusing on particular cases trying to understand the motivations for its implementation and discussing its effects, but its systematic analysis seems to be difficult. While analysing existing literature on this topic one must not overlook that the number of participatory budgeting programs rapidly increased pretty recently. Also, there are many experiments not covered in the scientific literature (for example the case of participatory budgeting in Maribor) while there is a lack of quantitative data (it is therefore hard to isolate different factors) and the heterogeneity of experiences is one of the major characteristics of the process of participatory budgeting traveling across the continent.

Taking this into account it may be reasonable to question the significance of universal conclusions, recommendations and guidelines. However, many authors also tend to give consideration to specific contexts in which participatory budgeting experiences are developing and functioning, and are discussing characteristics they perceive the most common in this regard.

Allegretti and Herzberg (2004, p. 17) follow this manner and list the key factors that affect the outcome of participatory budgeting. Most of them, such as political will, number of associations and the self-organising ability of the social networks, coherence and refinement of the organisational ‘design’ elements of the process and the financial and administrative ability of the authority carrying out the experiments, are similar to those

identified in the studies of experiments in Latin America. In addition to these, the European experiences they were able to incorporate into their study (the study was made in 2004 when the number of identified experiences in Europe was rather small; see Figure 2 above) showed the importance of the need which stimulates such experiments. While in Europe this is either political (especially in European Latin countries) or inseparable to modernisation and efficiency of administrations (mostly in North Eastern countries) in Latin America it is much more social in its nature (the emphasis on redistribution etc.).

In particular, clear link between participatory budgeting in Europe and the demand for more transparency has been identified (Sintomer, Herzberg, & Röcke, 2008, p. 174). Citizens want more transparent, accountable and participatory institutions and participatory budgeting may help build trust among them (Spada & Russon Gilman, 2015). In addition, trends of administrative modernization include improvements in cooperation between administrative departments, better responsiveness of public administration, improvements of public services based on the citizens' proposals and faster internal administrative operations (Sintomer, Herzberg, & Röcke, 2008, p. 174).

Success of new programs depends on such lists of factors as described by Allegretti and Herzberg (2004); if there is a political will in support of the programme it is more likely participatory budgeting will produce meaningful results (and the same goes for other factors). What kind of results may be expected then? Large spectrum of outcomes has been identified – from increasing social justice to fostering high-intensity democratization and promoting accountability and good governance (Alves & Allegretti, 2012). Similarly, four main outcomes are identified in the literature – most of them strongly affected by the longest lasting experience so far in Porto Alegre (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 63):

- participatory budgeting supports the ideal of democracy throughout society;
- participatory budgeting has a pedagogical and empowerment effect for participants;
- participatory budgeting improves the fiscal performance of governments (through increased efficiency and decreased corruption);
- and it has a distributive effect.

Experiments however show participatory budgets in Europe rarely contribute to the administrative structural reforms. This is because modernization effects are usually closely connected to the existence of good deliberation. If people participate in discussions at meetings and within elected bodies, the goal is more likely to be reached (Sintomer, Herzberg, & Röcke, 2008, p. 174). Some authors point out that the inability to act on reform of bureaucratic procedures can slower implementation of the choices and thus disappoint citizens and lower the level of their involvement. In this sense they warn that

participation is not an independent variable, but linked to the results it produces, and also to the time frames in which they are produced (Allegretti & Herzberg, 2004).

Additionally, in contrast to Porto Alegre, the political dimension in Europe is less evident. Political impacts may be observed only after some time, but so far research show that participatory budgeting does not result in higher participation of voters and final decisions of municipal councils are rarely based on citizens' concrete proposals. The problem is that often central aspects of the budget are not discussed in the participatory process (Sintomer, Herzberg, & Röcke, 2008, p. 174).

The fourth power or empowered participatory governance may be more likely to develop in participatory democracy model or neocorporatism model, but that is only if there are both social mobilization as well as institutional innovation present. Despite these observations, different models cannot be simply compared with one another in terms which one is better, but rather observed in terms of their own particular advantages, strengths or opportunities. Multi-stakeholder participation, for example, addresses private sector which is having a key role in urban development, but was ignored in Porto Alegre model (Sintomer, Herzberg, & Röcke, 2008, p. 175–176).

The most evident distinction concerns social dimension of European experiments. The importance of social justice principle in Porto Alegre has been vastly emphasized in this thesis so far and criteria for allocation as well as mobilization of marginalized groups have been described in detail. In Europe, on the contrary, social improvements are rarely the results of participatory budgeting programs. Sintomer, Herzberg and Allegretti (2013) refer to two exceptions, namely Italian towns with around 15,000 residents that achieved the strongest social effects and have crucially influenced further spread of participatory budgeting in Italy. Fundamental changes were brought to Grottammare (which was the first town in Europe to start participatory budgeting in 1994 and additionally improved it in 2002) and to the municipality of Pieve Emanuele by participatory budgeting as both towns succeeded in improving conditions of neglected parts of city on one hand and in fighting corruption on the other. The latter was stopped after the election in 2007, when the leftist coalition lost, but the former succeeded in merging with other participatory procedures focused on making citizens count in discussing and influencing revenues (Sintomer, Herzberg, & Allegretti, 2013, p. 46). However, they still remain exceptional, as their effects have not been reproduced elsewhere.

Beside Italy, Spain is the other country following Porto Alegre model (participatory democracy model) in Europe. City of Seville was one of the largest municipalities in Europe with participatory budgeting until 2011 elections and is still one of the best known examples where social justice criteria was used for prioritization of projects and investments. After the elections, the program was kept in place, albeit only formally.

Despite allocation criteria of participatory budget there, clear rules and empowerment of civil society, social justice effect are not comparable to experiments in Porto Alegre because the redistributed amounts are fairly small (Sintomer, Herzberg, & Allegretti, 2013, p. 46–47).

Table 5 shows the allocation criteria in Seville to demonstrate the social justice principle practised through participatory budgeting in Europe. Criteria is composed of general and supplementary. The difference is in their assessment – while general is measured objectively, supplementary is valued subjectively by delegates. The emphasis is on the projects with social, ecological and democratic goals in areas with weak infrastructure (Sintomer, Herzberg, & Allegretti, 2013, p. 46).

Table 5. Allocation Criteria of Participatory Budget in Seville

	Investment and maintenance	Programs and activities
General criteria	<ul style="list-style-type: none"> • Basic infrastructure (lighting, asphaltting, water supply etc.) • Access to basic services • Population affected 	<ul style="list-style-type: none"> • Population affected • Condition of the social infrastructure in the zone affected by the participatory budget • Absence of public social programs
Supplementary criteria	<ul style="list-style-type: none"> • Area (district, zone) affected • Ecological sustainability • Integration into the architecture of the city (or district) 	<ul style="list-style-type: none"> • Support of democratic and humanistic values, such as tolerance, peace, solidarity etc.

Source: Y. Sintomer, C. Herzberg, & G. Allegretti, Participatory Budgeting Worldwide – Updated Version, 2013, p. 47, Table 3.

The Spanish city of Albacete on the other hand is described as an example of inclusion of marginalized groups. Ethnic groups of Roma and Sinti as well as migrants are members of delegate boards for participatory budgeting (Sintomer, Herzberg, & Röcke, 2008, p. 174). When including groups with different cultural backgrounds, e.g. immigrants, authorities might need to involve intercultural mediators and interpreters. This raises the costs of programmes, but pays off in the long run (Allegretti, 2013). Beside allocation criteria, social justice can be addressed through community development model, which is applied mostly in the United Kingdom. However, the available funds are usually insufficient to appropriately address the problems of social justice (Sintomer, Herzberg, & Allegretti, 2013, p. 53).

One of the significant characteristics of European experiments much more developed compared to those in Latin America is the modernization of public administration, which is

addressed to the highest degree in the participatory modernization model. Despite the lack of good results by the model, this orientation may be seen as important since public sector can improve its efficiency and provision of good services only if its structures and procedures change and people take part in this process (Sintomer, Herzberg, & Röcke, 2008, p. 176).

It is mostly in the focus of German municipalities where first participatory budgets started as pilot projects in small municipalities around the turn of millennium. Due to financial problems of municipalities and shared opinion that social problems are not such as in Latin America, participatory budgeting focused on modernization of local governments instead of allocation. The example they follow is not Porto Alegre, but community planning experiment of the city of Christchurch in New Zealand. Social discussion is based on three steps – information, consultation and accountability. First, citizens are informed about financial situation of the city, then they are asked to propose improvements of services and facilities, and finally they are informed which proposals were chosen by council. Later the process of voting was also added, so the people became those who select the most important proposals rather than municipal administration (Sintomer, Herzberg, & Allegretti, 2013, p. 48–49).

Several approaches in Europe are designed to ask people to indicate their needs, preferences, opinion etc. only via internet or mail. In such cases, people rarely discuss anything with other members of community (Allegretti, 2013, p. 121). The contribution of participatory budgeting in terms of deepening democracy through a process of learning about situation of others or gaining negotiation skills and consensus decision-making is thus very limited. On the other hand, online participation addressed the inefficiency problem, as it reduced costs of participation (for citizens) as well as of organization (for municipalities). This, however, is also a response to the changes in scope of discussions compared to Latin America project. Citizens in such programs (often carried out in Germany) are mostly perceived as consultants and play important role in how to reduce costs. Suggestions made by citizen are thus mainly about improvements and particular projects rather than more general discussions about budget priorities or orientations. But on the other hand, there are also examples trying to increase the deliberative quality of participatory budgeting process. In Berlin district, for example, citizens meet in working groups (Sintomer, Herzberg, & Allegretti, 2013, p. 49–52).

Described positive effects of participatory budgeting demand certain conditions and do not just result automatically. In this sense, they can be rather perceived as possibilities and strengths of participatory budgeting programs. These programs, however, also have weak points and restrictions. Some limitations have already been addressed in the chapter on participatory budgeting in Porto Alegre. Since there is an emphasis on social impact of the process limited resources play crucial role for determining the effects on peoples' well-

being. In Europe, the funds available for participatory budgeting account for even much smaller share of the budget. The availability of resources to invest in infrastructure or in new programs can be a serious constraint for the outcome.

In terms of cost and benefit analysis, costs of implementing participatory budgeting programs are considered, such as communication resources, transportation, personnel etc.¹⁰ It is difficult to take into account all the costs since, for example, much of the work is done on the voluntary basis. However, it is even more pretentious to define all the benefits, particularly in terms of traditional economic analysis. Some econometric analysis have been performed and were discussed in previous chapter, but only in Latin America where quantitative data over longer period is available.

Ganuza and Baiocchi (2012, p. 10) also point out to the power relations and political dimension of participatory budgeting as of any policy instrument. They warn that participatory budgeting may “conceal a new form of domination”, which has nothing to do with a new process of democratization if decision-making procedures are not transparent, if citizens cannot debate and change the rules, or if there is no plural inclusion of citizenry.

Finally, the limitation in European programs seems to refer to the difficulties of mobilizing socially marginalized groups, such as immigrants, disabled people or those that are marginalized in terms of gender. There are several obstacles that do not entail supporting measures, such as sign language translators, intercultural mediators, Braille materials etc. Sometimes the dependence on new technologies also reinforces the divide between some groups instead of building inclusive form of e-democracy. Consequently, the risk exists that some groups are not represented at different activities and may experience even greater exclusion throughout the process (Allegretti & Herzberg, 2004, p. 18).

4 PARTICIPATORY BUDGETING IN MARIBOR

4.1 Country Background

The pilot implementation of participatory budgeting in the Municipality of Maribor marks the first experiment of participatory budgeting in Slovenia. As in the famous case of Porto Alegre, this pilot project introduced participatory budgeting at the municipal level and has already inspired some other Slovenian municipalities to follow the idea and try to implement different forms of citizen participation in their own local communities. These

¹⁰ In 2004 the city of Porto Alegre (pop. 1.4 million) set aside over US\$ 250,000 for the implementation of its participatory budget (UN-HABITAT (2004, 51).

processes seem to be emerging independently from one another and have their own specifics with respect to how they operate.

Slovenia is divided into 12 statistical regions and 212 municipalities, 11 of them having a status of urban municipalities. The Local Self-Government Act stipulates that an urban municipality has at least 20,000 inhabitants¹¹. The authorities of a municipality include a municipal council and the mayor. The municipal council is composed of members that are directly elected for a four year-term. It is municipality's deliberative body that is responsible for making the municipality's main decisions, such as adopting the municipal budget. The mayor, which is also directly elected for a four-year mandate, is the municipality's executive body and is at the head of the local administration (Council of European Municipalities and Regions, 2016, p. 73–74).

Novo mesto is one of urban municipalities and with approximately 36,500 inhabitants in 2016 also the 6th largest Slovenian municipality by population (Statistical Office of the Republic of Slovenia, 2016). In 2015, the city council group named Solidarity (sl. *Solidarnost*) organized an event where one of the initiators of the introduction of the participatory budgeting in Maribor presented the experience of this pilot project in one of the Maribor's city districts. The city council group also proposed the creation of a working group to examine how participatory budgeting could be introduced in their city (Žnidaršič, 2015). At the regular council meeting of the Municipal Council in April 2016, the group proposed amendments to the Statute of the Municipality of Novo mesto to include the possibility of introducing a participatory budgeting. Furthermore, the group recommended that the municipal administration examines the case of the Municipality of Maribor and its pilot project of participatory budgeting (Zapisnik, April 21, 2016).

In another urban municipality with similar number of inhabitants – the Municipality of Nova Gorica (population approx. 31,800) – ideas about participatory budgeting appeared in the 2014 mayoral election campaign (STA, October 10, 2014). Participatory budgeting was part of the program of the candidate from the local initiative *Goriška.si*, who lost the elections in the second round, but continues to work on its implementation together with other members of the initiative and their city council group. The aim of their proposal was to introduce participatory budgeting at consultative level within the current legislative options and then to call for the necessary amendments to the Law on Local Self-Government in cooperation with other interested municipalities. Participatory budgeting is perceived as a mechanism for decentralization and democratization, aiming at improving

¹¹ "An urban municipality is a compact settlement or group of settlements linked in a unified spatial organism, with the surroundings of the town linked by the daily commuting of the population. A town may acquire the status of an urban municipality if it has at least 20,000 inhabitants and at least 15,000 jobs, of which at least half must be in tertiary and quaternary activities, and if it is the geographic, economic and cultural centre of its gravitational area." (Article 16, The Law on Local Self-Government)

the community's quality of life, reducing possible corruption and developing the rural part of the municipality (Goriška.si – Participativni proračun, 2016). Following their proposal, the city council decided at the end of 2015 to establish working group to prepare a plan for its introduction, however, this has still not happened. For the initiative, the responsibility is on the mayor for whom they believe is avoiding the implementation. He, on the other hand, responded to criticism saying that the process is in progress but will be carried out slowly and carefully (Bucik Ozebek, 2016).

Ankaran is the second smallest municipality in Slovenia as regards area with only one settlement and population of around 3,200. In Ankaran, the participation of citizens regarding the budget was initiated in November 2015 and citizens were encouraged to send their own investment proposals to the mayor who at that time planned to allocate 10-20 percent of the municipal budget for 2016 to these projects (see Regional Obala, 2015). According to mayor's statements in the media after the adoption of the budget, 470 citizen proposals out of 600 received were included (Šuligoj, 2016).

The form that engaged citizens in the budget process the most so far was carried out in Ajdovščina, the municipality with approximately 19,000 citizens. The project "My initiative" (sl. *Moja pobuda*) was a four-step process that included (Moja Pobuda – Občina Ajdovščina, 2016):

- submission of proposals;
- workshops to support the development of project proposals;
- preparation of proposals for voting and
- voting.

First, citizens older than 15 years were invited to send project proposals to the municipality. Proposals had to meet nine criteria in order to be sent for voting. One of them was the financial estimation of the project that had to be between 5,000 and 15,000 euros (hereinafter EUR) for proposals that take place mainly within a particular local communities and 5,000 to 25,000 EUR for those that go beyond the boundaries of individual local communities within one area. To help citizens financially evaluate their own proposals, municipal administration provided them with examples of the amount of costs for different services and investments on their webpage, such as road crossings, playgrounds, recycle bins for separate waste collection etc. Projects also had to promote the active participation and involvement of citizens, raising the quality of life in the local environment and building community (Lokalne Ajdovščina, May 23, 2016; Moja Pobuda – Občina Ajdovščina, 2016).

During this period, nine workshops were organized in different areas of the municipality to inform citizens and support the development of project proposals. At workshops, the

concept of participatory budgeting was presented to citizens as well as the form of cooperation. Citizens also had the opportunity to work on their proposals and prepare drafts together with workshop moderators. Part of the time was then devoted to group discussion about the needs of citizens and the possible ways of improving the quality of life in a particular area. Most of the workshops were attended also by the mayor. Three additional workshops were carried out with students at local high school. In total, around 250 citizens participated (Lokalne Ajdovščina, June 2, 2016; Moja Pobuda – Občina Ajdovščina, 2016).

After the deadline for submission of the proposals, the municipal administration examined them and commission in charge for the citizens' suggestions and proposals decided which projects met the criteria. Together 99 proposals arrived out of which 43 were regarded inappropriate. The remaining 56 projects proposals were then included in the brochure, listing all the adequate project proposals (Moja Pobuda – Občina Ajdovščina, 2016).

Finally, the voting took place in different areas on June 19, 2016. Specifically for this project, the municipality was divided into six areas in order to ensure equitable city development. People older than 15 years who lived in a particular area were allowed to vote only for the proposals pertaining to the area in which they lived. Each voter chose three project proposals and ranked them as first, second and third. That way the projects were awarded with three, two or one point. Projects with the highest number of points from a particular area would be financed from the municipal budgets of 2017 and 2018. According to the unofficial results, a total of 31 different projects were chosen by voters estimated to around 340,000 EUR. In total, 360,000 EUR was the limit defined by municipality before the voting and known to all participants from the onset of the process. In addition, the total sum of projects in one particular area was limited to 60,000 EUR (Moja Pobuda – Občina Ajdovščina, 2016; STA, June 25, 2016)¹².

What makes the process of participatory budgeting in the municipality of Ajdovščina different from the one in Ankaran is the citizen participation throughout the whole process. Citizens there were not only encouraged to make proposals but were neither limited only to voting and choosing investments. Workshops that were organized in different municipal areas were aimed at their active participation trying to stimulate the discussion about the needs of particular communities and search for the most appropriate solutions. Debates apparently went beyond mere ideas and proposals made by those that lead their everyday lives in particular areas and thus know them best.

¹² The amount of participatory budgeting in Ajdovščina is almost twice of the amount of the participatory budgeting in Maribor (see chapter 4.2).

Referring to workshop reports on project's website (Moja Pobuda – Občina Ajdovščina, 2016) some citizens for example expressed concerns about the existing division of municipality into six areas. They argued that certain local communities lack historic or natural links, which makes connections with one another more difficult. Furthermore, some also feared that initiatives of small local communities would be outvoted by the initiatives of those with more inhabitants.

4.2 The Pilot Project in the City District of Radvanje in Maribor

4.2.1 Methodology

Participatory budgeting in Municipality of Maribor is a relatively recent experiment although the idea and efforts for its implementation at municipal level started much earlier among citizens and civil society organizations. The pilot project has already finished, but the realization of selected investment projects has not started yet and there still seems to be a great amount of ambiguity around the continuation of the project. The scarcity, actually the absence of quantitative data regarding the experience and its short duration do not allow empirical analysis. Therefore, the case study of Maribor's experience of participatory budgeting is based on qualitative methods. Field work has been done in a rather limited extent as most of the activities and procedures took place before the outset of this research and have been often carried out in complex and vague space in between initiators, activists, citizens and municipal administration.

As a result, different qualitative methods were used to collect information on the context of the project as well as on its structure and process. It was not an ethnographic study with long-term presence on the field or numerous hours spent on observation, but a limited number of interviews have been conducted to learn about the key actors, their motivations regarding the beginning of the process and early interpretations/assessments of the process. Furthermore, their future vision has also been discussed. In-depth semi-structured interviews were held in Maribor with two initiators of the process from the civil society groups. This method has been chosen due to its openness and flexibility that allows to learn about participants' views and perceptions of particular experience and constantly reminds of how important it is to understand the broader context behind such experiments.

Additionally, two events that were organized by the local initiatives in Maribor were attended – a lecture about direct democracy entitled “Direct democracy is not unattainable utopia” and a workshop on how to read and understand the municipal budget. The lecture was based on the case of participatory budgeting in Reykjavik. Members of the Urban Assembly Initiative from Maribor cooperated with initiators of Iceland's project and visited Reykjavik to learn more about the process implemented there. At the event, they

discussed the participatory budgeting in general and touched upon the different experiences of the model in both cities. The workshop on municipal budget in contrast focused on Maribor's budget particularly. It was hosted by a retired expert, the former head of finance at the municipality of Maribor, with the purpose to equip citizens with knowledge to be able to interpret the budget by themselves and then advocate for desired changes.

Pilot project of participatory budgeting in Maribor has been implemented in Radvanje, one of the city's districts. There, the district assemblies have been held as part of an initiative starting in 2013 with citizen meetings in one district only. Subsequently, meetings have spread to 11 city districts. Discussions were not part of the pilot project of participatory budgeting, but the assembly in Radvanje nevertheless opened a space for its residents to discuss on budgeting and follow the process. For this reason, one such assembly has been attended in February 2016 for the purpose of this thesis.

All the material acquired by these methods and by analysing relevant literature on this particular case (mostly media coverage, official statements and initiative's documents) was used to illustrate the mechanisms behind the decision for active citizen participation as well as to discuss the process and future expectations. There are, however, also some limitations to this study since interviews were conducted only with the initiators of the project, namely members of community associations. Despite the fact that one of them is also a member of municipal working group responsible for the project (which broadens the perspective), the main municipal politicians, involved municipal employees and participants, namely citizens of Radvanje, were not interviewed so their voices are only indirectly included in the analysis. To (at least) partially overcome this limitation, their statements in media are analysed.

4.2.2 City Background

Maribor is the Slovenia's second largest city and the regional centre of northeastern Slovenia with city's population of around 96,000 and municipality's of 111,000 (Statistical Office of the Republic of Slovenia, 2016). With its rich industrial history dating back to the 19th century, it became one of the leading Yugoslav industrial centres. In that period the city was known for its large socially-owned companies employing several thousands of workers – a situation remarkably different from today. The good economic situation ended with an economic collapse that was the result of the economic crisis during the 1980s as well as the loss of the Yugoslav market after Slovenia became independent in 1991. Large companies became bankrupted and the unemployment became a serious problem as the unemployment rate rose to almost 25 percent. The city eventually recovered, some new businesses developed and many residents found their jobs across the border in Austria (Trček, 2014, p. 169). Nowadays, many workers migrate daily to Austrian cities but the

economic indicators demonstrate that unemployment rate is still high and above the national average (namely, it ranges around 17 percent), whereas the average monthly earnings per person are below the national average, while the at-risk-of-poverty rate in Podravska statistical region, part of which is Maribor, is one of the highest in the country accounted for 17.3 percent in 2014 (Statistical Office of the Republic of Slovenia, 2016).

Trček (2014) links a setback in the development to the “local politico-economic kleptocrat alliances” (p. 168) and argues that conditions for their relatively unchecked operation have been set by local self-management reform. In the autumn 2012, the Radar affair triggered the Maribor uprising followed by the all-Slovenian uprisings (Sevignani et.al., 2014). The Radar affair was seen as an example of mayor’s corruptive politics that was also supported by the City Council of the Municipality and the city encountered mass political mobilization (Kirn, 2013). Concrete political struggles resulted in the formation of Urban Assembly Initiative (sl. *Iniciativa mestni zbor*). Its important direct democratic effort resulted in the organization of community assemblies that can be seen as a forum for “re-inventing the self-management tradition” (Kirn, 2013). The group also had important role in the initiation of participatory budgeting in Maribor.

The highest municipal decision-making body in Maribor is the City Council, composed of 45 people that are elected directly. The position of its Chairman holds the mayor (Mestna občina Maribor – Mestna občina, 2016). Municipality of Maribor includes 11 city districts and 6 local communities (Pravilnik instituta participatornega proračuna, n.d.). The pilot project of participatory budgeting was carried out in one of districts, namely Radvanje which has approximately 8,000 inhabitants (Mestna občina Maribor – Predstavitev mestne četrti, 2016).

4.2.3 Background of the Project

The idea of the project was born in the local community and is strongly connected to the events and various citizens’ actions that were occurring in Maribor as well as at the national level at that time. Uprisings and mass engagement activated citizens who started to connect with each other and work together on new mechanisms to make changes at micro as well as macro levels. In that context, the Urban Assembly Initiative was launched, a group aiming at political self-organization at the city district level (MMC RTV Slovenija, 2014). In February 2013, it performed the first self-organized assembly in one of the city districts and since then the meetings have extended to cover 11 of 17 city districts and local communities. The goal of these meetings has been to identify problems in the local environment and to find appropriate solutions together with other community members. Topics of discussions have ranged from those addressing problems, such as building sidewalks, to changing the structure of the City Council or gaining the impact of citizens on councillors’ decisions (Horvat, 2013).

Only months later, the same group issued the proposal for an introduction of a participatory budgeting at municipal level. Together with amendments to the Statute of the Municipality of Maribor they prepared a Regulation on participatory budget (sl. *Pravilnik o participatornem proračunu*) and delivered it to the mayor. The proposal provided for the gradual transfer of decision-making on the investment part of the city budget to Maribor's citizens in such a way that they would propose and choose projects annually by themselves. These projects would then be included in the budget for the next year. Although the mayor at that time assured he supports the proposals, no further steps for the implementation were made until March 2014 (Delovna skupina za participatorni proračun, March 3, 2014).

For this reason, different initiatives, NGOs and individuals formed a coalition – civil initiative (*pobuda Odločaj o mestu*) to obtain wider public support and create public pressure on the municipal authorities to start considering their proposal. Representatives of the initiative highlighted positive effects of participatory budgeting from abroad, such as an increased trust of citizens in democratic institutions, reduce in corruption, more connected local community and higher economic growth (Rubin, 2014; Delovna skupina za participatorni proračun, Apr 6, 2014). They invited citizens to join with their own contributions, one of them being the signatures of support (Delovna skupina za participatorni proračun, Apr 6, 2014). The initiative assured there is a legal basis for the implementation of participatory budgeting, but the municipal authorities did not agree (Jazbec, 2014).

In only a few months initiative members gathered almost 4,000 signatures and planned to hand it over to the mayor before the local elections. However, due to his inaccessibility, they were not able to do so until February next year. Signatures were not legally verified since their collection was symbolic act and awareness-raising campaign among citizens (*pobuda Odločaj o mestu – O podpisih podpore*, 2015).¹³ Most of the city councillors and mayor also contributed their signatures and the mayor assured that the proposal will be examined by the municipal departments which will also determine legal framework and a model for its implementation (Gregorec, 2015; STA, Feb 26, 2015). The estimate was that the amount of money for projects from the city budget could be around 3 million EUR (Gregorec, 2015).

Meanwhile, the initiative group organized different events, such as press conferences, pre-election confrontations (before Slovenian parliamentary election as well as mayoral elections), regular meetings, and presentations (also one with the initiators of similar

¹³ Official statement from the initiative was published explaining that some of the signatures were obtained from online petition or via e-mail and were not limited only to formal citizens but included all people living in the city (*Odločaj o mestu – O podpisih podpore*, 2015).

project in Reykjavik) etc. to inform citizens about participatory budgeting and promote their participation in decision-making (see pobuda Odločaj o mestu – Novice). City councillors and municipal officials were invited to their presentations, but rarely came.¹⁴ With the same intention, a website was launched offering general information, materials and descriptions of similar projects from abroad, such as those in Vienna or Reykjavik. This also served to give citizens ideas for the concrete projects aimed at strengthening the community and solidarity among people, building equal access to public goods and increasing the quality of living environments (pobuda Odločaj o mestu – Izkušnje iz tujine, 2015; pobuda Odločaj o mestu – Do kakšnih projektov s participatornim proračunom, 2015).

As a response to the public pressure the working group for participatory budgeting was founded by the mayor in the beginning of 2015. The group is composed of municipal representatives, city councillors and members of civil initiative, which was the initiator of the project (Cehnar, 2015). The municipality decided to support pilot project to introduce the participatory budget in only one city district, namely Radvanje (Smart City Maribor – Participatory Budget of Municipality of Maribor, 2016). The amount of budget available for citizens' decision-making was then still not determined; while civil society initiative proposed 300,000 EUR, municipal administration talked about less, around 100,000 EUR (Cehnar, 2015).

4.2.4 Structure, Process and Activities

After two years since the first initiatives, the implementation of the project started in the autumn of 2015. First, residents of Radvanje were invited to deliver project proposals for their district by using classic mail, online platform or bringing hard copies. They could deliver more than one proposal. Different information had to be provided – the name of the project, the category (e.g. environment etc.), description of the project, the argumentation regarding the importance of the project for the district and the explanation why they decided to propose this specific project and how it will contribute to the quality of living in the district. In a period of one month 78 proposals were gathered. (Some of the received ideas duplicated and thus the number of all the proposals for evaluation was a bit smaller.)

Municipal administration offices/departments then had to technically and financially evaluate all proposals. During this process, all proposals had to be assessed regarding the criteria; if the proposals are in accordance with law, if they are inside the area of the city district, if they are within the jurisdiction of the Municipality of Maribor, if they do not exceed the full amount of the intended participatory budget and are not already planned for

¹⁴ Initiators believe their absence on such events manifested itself later in the implementation of the project.

implementation. In addition, administration also financially evaluate them, namely define how much would they cost (Mestna občina Maribor – Participatorni proračun, 2016).

According to initiators, at the beginning only 9 of the received proposals were evaluated. Municipal officials argued that others could not be executed since there were no funds available, although there was already an agreement to devote 100,000 EUR of municipal budget to chosen projects. Initiators thus perceive this to be an evidence that support for the project of participatory budgeting existed only on declarative level, but that it has not been recognized by the municipal administration as important element enough to learn about it. To stimulate the process they put more pressure on the municipality and visited individual officials to get information on the course of the project.

Finally, 22 investment projects were evaluated and prepared for voting. On November 22, 2015, citizens with permanent residence in the city district of Radvanje and with the right to vote chose between them. Each citizen had five votes to award five different projects. It was decided that at least 5 percent of the voters from the city district of Radvanje had to attend voting in order to make priority list of all the projects and include chosen projects into the next year's budget. Projects were ranked from the highest (project with the highest number of votes) to the lowest (project with the lowest number of votes). Municipality of Maribor would then include in the budget for the year 2016 projects from a priority list from the highest ranked to the lowest to the total amount of 100,000 EUR. This accounts for 0.1 percent of whole budget (Mestna občina Maribor, 2016).

Projects were included in the priority list from the one with the most votes to the one with the least as long as their cumulative value did not reach the total amount for the participatory budgeting. If there was a project that exceeded the total amount it was skipped and the next small enough was integrated. This process was repeated until all resources were exhausted.

The results were officially approved by the working group for the implementation of a pilot project (Participatorni proračun v Mariboru – Rezultat glasovanja, 2015). They are not legally binding for the municipality, but the mayor confirmed selected projects would be taken into account when preparing the budget (Klipšteter, 2015; Selan & Cehnar, 2015). Moreover, such projects would be carried out as any other in the budget.

This, however, did not go without complications. When budget was sent for a first reading, none of the selected projects were part of a document. This made residents of Radvanje upset so they began writing protest letters, letters to the media and as there were no concrete answers from the municipality (only that everything is included in budget but under different items), they announced they will attend the City Council session as a form of protest. The mayor organized meeting with them and ensured once again that everything

is included as planned. The second reading came and according to initiative's member 5 out of 14 projects still remain excluded, two of them being legally unfeasible according to the municipality¹⁵. These are not projects from the bottom of the priority list, but rather 1st, 3rd, 4th, 6th and 14th.

The implementation of the projects has not started yet. There are also some ambiguities in what participatory budgeting in the following year will look like. According to the mayor the process would expand to five other interested city districts¹⁶, thus covering six out of 17 districts and local communities in the next year with the aim to include the whole municipality in 2017 (Klipšteter, 2015).

4.2.5 Evaluation of the Project

As already stated, the lack of quantitative data as well as very short time of the project do not allow empirical analysis. Some effects, in addition, could not be studied if the selected projects of participatory budgeting have not been implemented. Referring to one of the initiative members it is impossible to talk about the model of participatory budgeting as it was agreed upon if people participate, propose and choose projects, but then these are only selectively included into the budget. The initiators perceive this as breach of citizens' trust (Podbevšek, March 15, 2016).

The engagement of the participants was reported as successful since the number of voters far exceeded the quorum that was set up by municipality. It was decided that the results would be considered only if at least 5 percent – that is, 202 residents – attend it. In the city district of Radvanje, 652 citizens came to choose among their proposed projects. Such turnout, accounting for 11.5 percent, surprised even the initiators (Klipšteter, 2015).

Initiators perceive participatory budgeting as a mechanism to activate the members of the community to take care for their own community, since they know best its needs. Table 6 demonstrates that selected projects are community oriented. Their total sum is 96,000 EUR.

¹⁵ According to initiative member, the first chosen project has already been adapted in the process specifically to be legally feasible. However, this was still the reason for its final elimination.

¹⁶ Municipality invited interested city districts to participate in the next year project; 11 of them responded positively (Podbevšek, March 15, 2016).

Table 6. Selected Projects in Pilot Project of Participatory Budgeting in Maribor

	Project	Estimated cost (in EUR)	Number of votes
1	Reconstruction of the square	4,000	251
2	Placement of waste baskets	1,800	248
3	Children's playground	15,000	227
4	Adventure park in nature	20,000	219
5	Traffic safety (speed limit; new signalization) on part. street	2,200	178
6	Open-air museum	4,500	173
7	Education program for children about gardening	3,000	173
8	Horticultural arrangement of the town	7,500	171
9	Sidewalk	20,000	145
10	Pedestrian crossing	2,000	141
11	Community care for the elderly	5,000	135
14	Park arrangement	6,000	109
19	Sidewalk	3,000	50
20	Neighbourhood exchange of services and skills (neighbourhood assistance program)	3,000	48

Source: Participatorni proračun v Mariboru – Rezultat glasovanja, 2015.

The Municipality of Maribor approached to the project of participatory budgeting in its city with “the civil society initiative modelled after European cities, where citizens already decide on priority investments within the expected budgets” (Smart City Maribor – Participatory Budget of Municipality of Maribor, 2016). The implementation of the project however largely depended on the work done by civil society initiative. Description of the process and activities in former chapter only lightly pointed at its efforts to realize arranged procedures.

According to the initiative’s members their engagement throughout the process was essential for the project. Several activities very important for the success of the project have not been performed by the municipal administration. For this reason, the initiative performed them instead.

Fölscher (2007, p. 145–147) draws various crucial conditions that facilitate effective participation from the case studies of participatory budgeting in Central and Eastern Europe. They will be discussed in the following paragraphs. First, she highlights the importance of information. Good information precedes participation as well as enhances its effectiveness. According to initiative's members municipal administration in Maribor neglected activities of informing citizens and as a result members of civil initiative took over the information campaign; they were designing information material, placing posters and flyers at public places, posting letters and mail that were later sent by the municipality to the residents of Radvanje, running the webpage etc.

Similarly, citizens also need information about the process of implementation of the projects. It seems that communication strategy and transfer of such information from municipal officials have been inadequate. Urban Assembly Initiative issued public letter in local newspaper complaining about mayor wrapping himself in silence, as they described his unresponsiveness (Podbevšek, March 15, 2016). Furthermore, worries were expressed since the working group for participatory budgeting at the municipality has not met for more than four months although it should be occupied with preparations for the expansion of the participatory budgeting into six city districts and local communities (Podbevšek, March 15, 2016). (The letter was published in March but until the end of June the group has still not met; according to one of its members no information about the possible date has been available.)

Second, it is necessary to educate and raise awareness among stakeholders – these include citizens and local government officials. Relating to the chapter discussing background of the project more in detail, such activities have been performed months before the initiation of the pilot project as they were part of the struggle of local initiative groups to stimulate municipal administration to consider the idea of participatory budgeting in the first place. Different events were organized to elaborate the reasons for the need of participatory budgeting in the city and to present how participatory budgeting works in practice. Experiences from abroad and positive outcomes were discussed with the emphasis on the case of Porto Alegre and its achievements throughout the campaign.

Preelection confrontations were also used to open space for discussions on topics such as local government, centralization of decision-making, participation of citizens in decision-making processes on local interest, European Charter of Local Self-Government etc. (pobuda Odločaj o mestu – Novice, 2015). In Maribor, however, raising awareness activities have been performed mostly by members of civil initiative groups; with the exception of one public presentation that was organized by municipality, but not attended by any municipal official.

Further, the importance of incentive structures and clear rules is emphasized. The participation of citizens is connected to their expectations of results. Clear rules about the process as well as amount of resources determined and known from the onset prevent disillusionments. The same applies to the time frame of participatory processes. To lay aside the roles and responsibilities of different actors in Maribor that seem to be characterized by some ambiguity, general rules have been set at the beginning of the process. Among others, they covered the criteria for choosing among priorities as well as how the municipal authorities respond to the results of citizens' decision-making. Selective inclusion of the projects that were proposed by citizens as well as voted upon, does clearly not follow these rules. Even if there are legitimate reasons for this kind of actions, such as legal unfeasibility of chosen projects, this should be solved earlier, not after citizens' voting. Following the main motivation behind the participatory budgeting it should be performed in such a way that the community members would not have to demand for more transparency.

The pilot project in Maribor (as well as first implementation of participatory budgeting in the country) may also be understood as an initiation of a learning process. According to Fölscher (2007), localities learn by doing, but only if there are real benefits of participation so that the process continues. Local government officials as well as civil society organizations involved may need specific skills, such as conflict resolution, technical budgeting etc. In order to continue with the process strong political will is necessary as well as citizens' demand. This has been stated by many researchers and at many points in this thesis so far. Fölscher (2007) believes that the success of participatory budgeting requires both – strong leadership by the government and civil society organizations since the latter possess important capacities. In addition to partnerships between local governments and civil society organizations, coalitions of local organizations may also strengthen initiatives.

The Maribor initiative (*Pobuda Odločaj o mestu*) is an example of such coalition as it involves different initiatives, individuals and organizations; one of them being Urban Assembly Initiative. Within its activities, discussions about the projects of participatory budgeting also took place at assemblies in the district of Radvanje. These meetings however have no formal support and are based on the self-organized grounds only. No discussions were therefore part of the official participatory budgeting process despite the initial proposal from civil initiative.

Case studies in Europe show that the effectiveness of programs is limited by mistrust by local government officials. This can happen if the local government involvement is low (Fölscher, 2007). Similarly, initiative members in Maribor perceive the lack of political support at highest level of municipality to be crucial because it gives a clear message to all officials about the importance of the project.

4.2.6 Visions for the Future

The pilot project in the district of Radvanje has not followed the initial proposal made by civil initiative in all aspects, amendments to the Statute of the Municipality of Maribor as well as Regulation on participatory budget have not been discussed nor approved. Nevertheless, rather than further reconstruct the events and context regarding pilot project in the Municipality of Maribor, it seems to be more appropriate for the purpose of this thesis to discuss visions for the future.

It has already been noted that the Municipality of Maribor executed this project as a pilot one, but planned to expand it in case of its success. First to several other city districts and local communities in the following year and later to the whole city. On the other hand, members of civil initiative also formed their recommendations based on the current implemented model. In this chapter these will be briefly addressed.

Several factors are perceived to be crucial for effective implementation of participatory budgeting. They are described in Table 7.

Table 7. General Principles for Implementation of Participatory Budgeting in the Municipality of Maribor

Principle	Main characteristics
Long-term aspect	Permanent mechanism that is predictable and repeating increases people's trust. On the long run selfish tendencies are limited and replaced by community needs.
Transparency	Transparent and predictable procedures increase participation and build trust.
Inclusiveness	Accessible and simple procedures (or with expert support) give each citizen possibility to participate regardless of education, experience, age, economic status etc.
Information accessibility	Access to all relevant information (technical information, municipality owned lands etc.) facilitates efficient participation.
Deliberation	Deliberation stimulates community rebuilding, promotes community-oriented proposals and maximizes the quality of proposals.
Reasonable areas	Division into areas with similar interests and living environments prevents disagreements (existing local communities or districts should be considered).
Involvement in community	Proposals deriving from the community and addressing its needs ensure the most efficient use of resources.
Reliability	Correct and reliable procedures and processes increase trust and participation.

All these factors should be considered throughout the process of participatory budgeting. According to the civil initiative’s visions, the process should be made out of four steps: collection of proposals, evaluation of proposals, voting and realization of projects. These main steps are the same as they were in a pilot project, but include several additional activities.

Table 8. Proposed Activities of Participatory Budgeting Process

Phase	Activities/Elements			
Proposal collection	informing	connecting with local CSOs ¹⁷	collection of proposals	public consultations
Proposal evaluation	clear criteria	merging of similar proposals	technical examination and evaluation	feedback
Voting	voting list	sending information about voting	voting process	voting results
Project realization	placement in the budget	working in cooperation with community members		

Table 8 shows proposed activities divided into four subsequent phases of the participatory budgeting process. The first phase thus incorporates different ways to inform citizens about the participatory budgeting or particular activities and emphasizes the importance of community oriented approach. The latter regards to the cooperation with existing local organizations in activities such as creation of proposals or presentations of the process. In contrast to the current pilot project, public consultations should be made with experts that can help citizens in forming their proposals. The importance of participatory budgeting lays in how ordinary people can share and debate ideas and from that make decisions (Marquetti, Schonerwald da Silva, & Campbell, 2012, p. 79). According to the initiative’s idea all collected project proposals should be made public throughout the process.

Access to information is crucial incentive for citizens. Budgets and policymaking are often viewed as areas poorly known to others than government officials. Participatory budgeting program thus addresses this obstacle as it provides citizen with technical information and gives them broader understanding of policy making, governmental roles etc. (Shah, 2007, p. 41).

Evaluation based on objective and clear criteria is then made by the municipal officials. Similar proposals are merged and proposals are excluded or transformed if they do not meet one of the five criteria – namely, if the proposal is out of the district’s area, it is not

¹⁷ CSO means civil society organization.

within jurisdiction of municipality, it exceeds the total amount of resources available for participatory budgeting, it violates law or municipal acts or if it refers to a time period longer than the budgetary period. The rest of the projects are then technically and financially evaluated and feedback is given to the citizens regarding each proposal.

Voting is organized similarly to an election process. Voting list is made together with voting papers, citizens are informed by mail, the voting process is supervised by municipal official etc. Priority list is then made out of projects starting with the one with the most to the one with the least votes. Following the principle of transparency and access to information, the list is then also publicly announced.

Projects from the priority list are included into the budget using the same method as in current pilot project (see 4.2.4). Despite being listed under particular budget item, it should be stated clearly which item it is and which office will take over the implementation process. Here, the cooperation with community is emphasized again since the consultation with citizens regarding the exact form of implementation etc. is discussed.

CONCLUSION

A large number of initiatives in many different contexts resulted in very distinct forms of participatory budgeting. Academic literature is mostly based on particular case studies trying to understand motivations behind the widespread adoption of participatory budgeting and generated outcomes in those particular settings. The central point in many discussions remains the successful implementation of participatory budgeting in the Brazilian city of Porto Alegre.

Experiences in the Latin American countries also allow for empirical analysis using very large data over longer periods, even decades. Several authors of such research compare municipalities with participatory budgeting to those without and demonstrate important effects of participatory budgeting, especially regarding reallocation of resources in favour of disadvantaged citizens as well as improvements of their well-being.

Much of the debate also focuses on contributions of participatory budgeting to democratization of politics and society and empowerment of participants. Participatory budgeting is in this sense considered as an important tool for fostering democratic innovation (Alves & Allegretti, 2012). Learning process, through which knowledge and different skills are gained, is understood in connection to the opening of spaces for deliberation.

The spread of the idea has, however, resulted in many different forms with distinct goals and outcomes. The emphasis in Europe, for example, has shifted from social dimension to the demand for more transparency and efficiency of local governments. Nevertheless, numerous case studies show that the structures of specific participatory budgeting programs are responses to the particular social, economic, and political environment of each city or place where it is implemented (Shah, 2007). It is thus hard to present a synthesis of representative cases without questioning “representativeness” and ignoring importance of variations of particular experiences.

In this regard, the experience of pilot implementation of participatory budgeting in the first Slovenian municipality has been discussed in detail. Quantitative data is not available and the short time of implementation of the project somewhat limits the possibility for better analysis, but its case study with the use of qualitative methods of research provides concrete example of efforts for more transparent municipal politics and stronger voice of citizens in its decision-making processes. Since the driving force regarding the idea as well as the process of implementation has not been the municipality but rather the civil society initiatives, this project involves a much more bottom-up than top-down approach. Understanding motivations as well as ideas of initiators is therefore substantial.

Despite many positive effects of participatory budgeting on different grounds, there are also limitations and necessary preconditions in order to achieve its particular aims. It may yield very different outcomes and may have little in common with initial experiences, but is still perceived as one of the possible processes for achieving more democracy, social justice and transparent administration.

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APPENDIXES

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Appendix A. Abstract/Povzetek

Namen pričujoče magistrske naloge je razumeti participatorni proračun kot enega od mehanizmov participatorne demokracije. Zato je participatorni proračun, ki ga lahko opredelimo kot mehanizem oz. proces, ki omogoča sodelovanje prebivalcev pri odločitvah o porabi javnega denarja, najprej umeščen v širši kontekst. Pri tem so analizirani relevantni koncepti participacije in participatorne demokracije ter njene aplikacije na področju ekonomije. Ker v nalogi participatorni proračun ni razumljen kot statičen, temveč kot neprestano spreminjajoč se mehanizem oz. proces, ki potuje preko različnih kontinentov, kultur, družbenih in ekonomskih sistemov, pri tem pa se nenehno spreminja in prilagaja specifičnemu času in razmeram, so kritično analizirani tako njegovi začetki kot tudi prenos in razširitev.

Poseben poudarek je zato namenjen izkušnji brazilskega mesta Porto Alegre, ki je participatorni proračun uvedlo konec 80. let prejšnjega stoletja. Več kot 20-letna praksa v južnoameriških mestih, zlasti brazilskih, omogoča empirično preverjanje učinkov participatornega proračuna. V nalogi so zato najprej podrobno opisani struktura in elementi procesa participatornega proračuna v Porto Alegreju, nato pa njegovi učinki na različnih področjih, in sicer političnem, družbenem in ekonomskem.

Zaradi uspešnih rezultatov je model participatornega proračuna v tem brazilskem mestu navdihnil in spodbudil mesta po vsem svetu, ki so po njegovem vzoru oblikovala različne modele soodločanja prebivalcev o razporejanju in porabi javnega denarja. Veliko teh modelov pa se je razvilo v precej drugačnih okoliščinah, v katerih je novo uvedeni mehanizem naslavljal specifične potrebe in ustvarjal različne rezultate. Univerzalna definicija, ki bi zajela vse razsežnosti heterogenih oblik modelov, ni mogoča, kot orientacijski model pa služijo nekateri poskusi tipologije participatornih proračunov, obravnavani v nalogi.

Številni posamezni primeri izkušenj oblikovanja participatornega proračuna po vsem svetu so predmet raziskav in študij avtorjev iz različnih akademskih disciplin. Ker je bil tudi v Sloveniji nedavno izveden pilotni projekt participatornega proračuna, in sicer v četrti mestne občine Maribor, je v nalogi analiziran njegov proces uvajanja in izvedbe. Zaradi kratke časovne komponente in pomanjkanja podatkov, zlasti o izvedenih projektih in njihovih učinkih, pa tudi strukturi udeležencev, je analiza obravnavanega primera omejena. Kljub temu pa jo je potrebno razumeti kot prispevek k začetku razprave o participatornih proračunih v Sloveniji, še zlasti v ekonomiji, za katero so zanimivi številni učinki, tako na družbenem kot ekonomskem področju.

Appendix B. Participatory Budgeting Cycle in Porto Alegre

Table 1. Participatory Budgeting Cycle in Porto Alegre

March – April	April – June	June	July	June – December
Preparatory Meetings	Regional and Thematic Plenaries	Forum of Delegates	Municipal Assembly	City Participatory Budget Council (COP)
Review implementation of previous year's budget	Presentation of State Budget	Review City administration projections for revenues and expenditures	Newly elected City OP Council takes over	Work with City administration to harmonize priorities and demands voted by participants in regional thematic plenaries and infrastructure deficiency needs and institutional demands requested by the City
Review implementation of previous year's Investment and Services Plan	Vote on thematic priorities	Delegates visit sites to assess needs	Submit Works and Services priorities to the City	Work with City administration to prepare Budget Plan and Investment and Services Plan
Review and discuss OP guidelines and regulations	Define number of delegates	Review and prioritize Works and Services requests under each theme	Discuss the <i>Congresso da Cidade</i>	Vote and submit Budget Plan and Investment and Services Plan to Mayor and City Council.
Review technical and general criteria for assessment of needs	Elect representatives for the City OP Council			Discuss and vote changes to improve the OP process
Presentation of State Budget	Elect delegates for Forum of Delegates			
Discussion of thematic priorities				
Citizens		Delegates	Councillors	Councillors

Source: Serageldin et al., *Assessment of Participatory Budgeting in Brazil, 2005*, p. 18.

Table 2. Evolution of Priorities in Participatory Budgeting in Porto Alegre (1993–2007)

Priorities	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Basic sanitation	1	1	3	3	2	3	3	1	3							
Housing		3	1	2	3	1	2	3	1	2	1	1	1	1	1	1
Street paving	3	2	2	1	1	2	1	2	2	1	3	3		3		4
Education	2										2	2	3	2	2	2
Social assistance													2	4	4	3
Health																
Transport and circulation									3						3	
Parks																
Leisure and sports																
City organization																
Economic development																
Culture																
Environment																

Source: A. Marquetti, C.E. Schonewald da Silva, & A. Campbell, *Participatory Economic Democracy in Action: Participatory Budgeting in Porto Alegre, 1989–2004*, 2012, p. 73, Table 6.

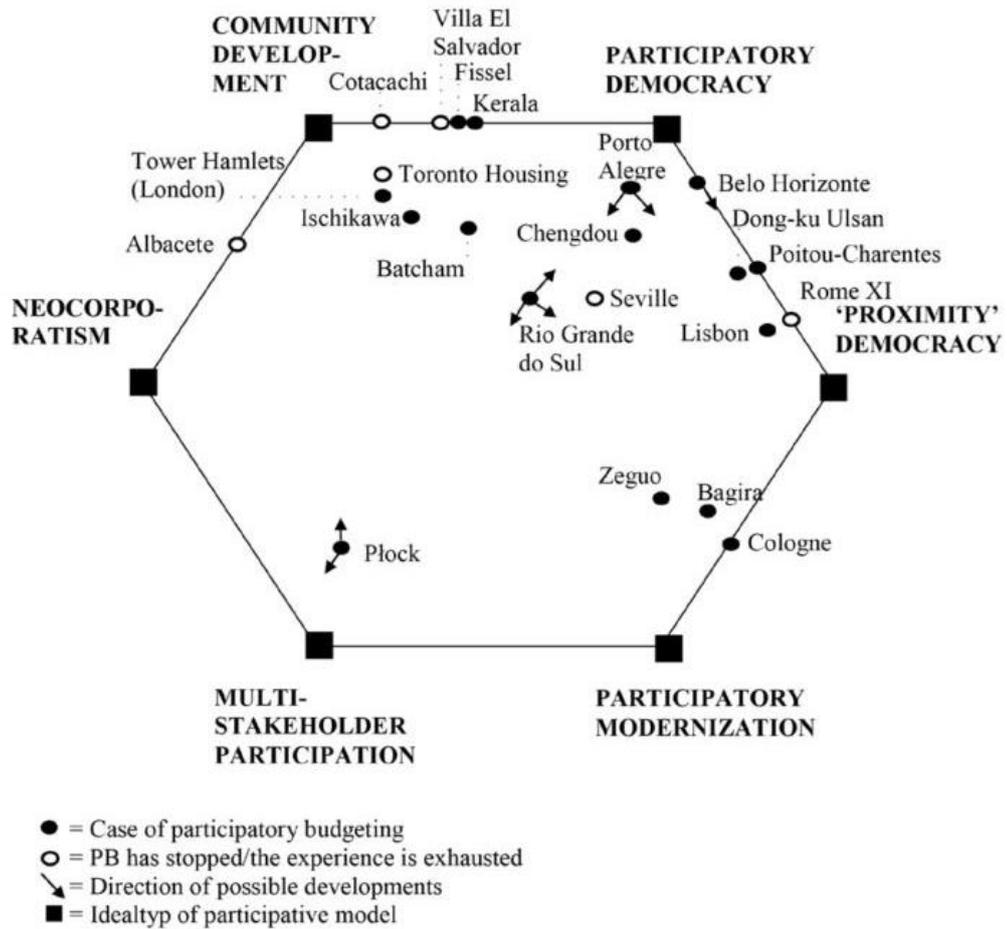
Table 3. Results Achieved in 15 years of Participatory Budgeting in Porto Alegre (1989–2003)

Housing	It was possible to expand the average number of units produced locally, from 493 per year in the period 1973–1988, to 1,000 per year from 1989–2003, which allowed Porto Alegre, for the first time, to contain the growth of the housing deficit.
Street paving	The existing deficit of paved roadways was reduced from 690 km in 1998 to 390 km. In 2003, the participatory budgeting helped to improve access to collective transportation and public infrastructure in the poorest areas of Porto Alegre.
Access to water and basic sanitation	The percentage of dwellings with access to treated water rose from 94.7 percent in 1989 to 99.5 percent in 2002; the proportion with access to the municipal sewer network grew from 46 percent in 1989 to 84 percent in 2002; and the percentage of liquid waste that is treated went from 2 percent in 1989 to 27.5 percent in 2002.
Education	The number of public schools rose from 29 in 1988, to 84 in 2002, with a corresponding increase in enrolment from 17,862 students to 55,741 students. In addition, the range of educational services offered was broadened to include Adult Literacy and Youth and Adult Education, which were integrated into the public education system. Also, through the participatory budgeting the Child Care Compact was created, which today reaches 126 child care institutions, serving 10,000 children.
Health	Although health only appears since 2000 as one of the three priorities of the participatory budgeting, public health management is an integral responsibility of the municipal government. This is in spite of the virtual freeze in the amount of the annual transfers from the central government. The Mayor today commits close to 18 percent of the expenditures of the central administration for health, compared to an annual average of less than 10 percent during the decade of the 1980's.
Social Welfare	This area was only included in priorities from 1997 onwards. The various activities address a number of groups, such as people with special needs, children and youth at risk, homeless people, victims of violence, elderly in situations of abandonment, low-income families etc.

Source: UN-HABITAT, 72 Frequently Asked Questions about Participatory Budgeting, 2004, p. 24, Box 1.

Appendix C. Typology of Models of Participation in the World

Figure 1. Typology of Models of Participation in the World (with the example of participatory budgets, 2011)



Source: Y. Sintomer, C. Herzberg, A. Röcke, & G. Allegritti, *Transnational Models of Citizen Participation: The Case of Participatory Budgeting*, 2012, p. 19, Figure 3.