PEMPAL

BCOP Budget Community of Practice

PARTICIPATORY BUDGETING

Public Participation Mechanisms for National Ministries of Finance

December 2020

PEMPAL SECRETARIAT

36/1 B. Molchanovka, str.
121069 Moscow, Russia
T: +7 495 745 70 00

www.pempal.org

Budget Community of Practice (BCOP)
T: +7 495 745 70 00 ext. 2038
T: +7 499 921 20 38
E: BCOP@pempal.org

Contents

Acknowledgements

This knowledge product (KP) was prepared under the Budget Literacy and Transparency Working Group (BLTWG) of the Budget Community of Practice (BCOP) within the Public Expenditure Management Peer Assisted Learning (PEMPAL) network.

BLTWG Lead and Co-lead Marina Tikhonovich from the Ministry of Finance of Belarus and Aynur Bakaybayeva from the Ministry of Finance of Uzbekistan guided this knowledge product development. Information received from 17 BCOP countries informed the KP: Azerbaijan, Albania, Armenia, Belarus, Bulgaria, Bosnia and Herzegovina, Croatia, Georgia, Kazakhstan, Kosovo, Moldova, Romania, Russian Federation, Tajikistan, Turkey, Ukraine and Uzbekistan.

The BCOP Resource Team that supported the BLTWG consisted of Iryna Shcherbyna, BCOP Resource Team Coordinator; Tatiana Vinogradova, BCOP Consultant; and Naida Carsimamovic, BCOP Resource Team member. Ksenia Malafeeva, PEMPAL Secretariat, provided logistic and administrative support. William Gallagher (Consultant) conducted professional editorial review of the report.

The KP greatly benefited from the comments provided by Ivan Shulga, World Bank Senior Social Protection Specialist.

Foreword

As the leaders of the Budget Literacy and Transparency Working Group (BLTWG), we are pleased to present this report, which is a result of collaboration among 17 Ministries of Finance (MFs) across the Europe and Central Asia (ECA) region, all members of the Budget Community of Practice (BCOP) under the Public Expenditure Management Peer Assisted Learning (PEMPAL) network.

The BLTWG, active since 2015, studies international experiences in budget literacy, openness, and access to citizens, as well as public participation and engagement in the budget process, with the aim of advancing these areas in PEMPAL countries. The BLTWG works in close partnership with the World Bank, the International Budget Partnership (IBP), and Global Initiative for Fiscal Transparency (GIFT). We are indebted to these partnerships and value the opportunity for knowledge exchange.

We would like to take this opportunity to thank all of our 17 member countries that contributed to this report, including by providing information in our internal online survey, sharing feedback and inputs during the virtual workshop held in November 2020, as well as providing comments on the draft version of this report.

The development of this knowledge product was motivated by the need to provide specific advice for the national Ministries of Finance on participatory budgeting, given that such initiatives are globally prevalent at the subnational level. We believe that this report provides useful advice for our countries on potential mechanisms for the national Ministries of Finance to design participatory budgeting initiatives at national level and to facilitate participatory budgeting at subnational level.

We wish our member Ministries of Finance all the best in their ongoing reforms in budget literacy, transparency, and public participation and we look forward to our continued collaboration.

— **Marina Tikhonovich**
PEMPAL BCOP BLTWG Lead and BCOP Chair
Deputy Head of the Budget Policy Department, Ministry of Finance of Belarus

— **Aynur Bakaybayeva**
PEMPAL BCOP BLTWG Co-lead and BCOP Executive Committee member
Chief Economist in Budget Policy Department, Ministry of Finance of Uzbekistan

Abbreviations

BCOP	Budget Community of Practice
BLTWG	Budget Literacy and Transparency Working Group
CSO	Civil Society Organization
GIFT	Global Initiative for Fiscal Transparency
IAP2	International Association for Public Participation
IBP	International Budget Partnership
ICT	Information and Communication Technologies
IMF	International Monetary Fund
KP	Knowledge Product
KPIs	Key Performance Information
MoF	Ministry of Finance
NGO	Non-Government Organization
NPB	National Participatory Budgeting
OBI	Open Budget Index (IBP)
OBS	Open Budget Survey (IBP)
OECD	Organization for Economic Cooperation and Development
OGP	Open Government Partnership
PB	Participatory Budgeting
PEFA	Public Expenditure and Financial Accountability
PEMPAL	Public Expenditure Management Peer Assisted Learning network
PFM	Public Finance Management
SDG	Sustainable Development Goals
UNDP	United Nations Development Program
WB	World Bank

Executive Summary

The purpose of this knowledge product is to present recommendations on mechanisms for the national ministries of finance of PEMPAL member countries to design participatory budgeting initiatives at national level and facilitate it at subnational level. The report is divided into four sections. Section I is an introduction to participatory budgeting in which the concept, its benefits and importance as a good innovative practice in public governance, linking it to the Sustainable Development Goals, are reviewed. Section II presents participatory budgeting initiatives that have been exercised at different scales in eight BCOP PEMPAL countries: Armenia, Bulgaria, Croatia, Georgia, Kazakhstan, Moldova, Romania, Russian Federation, Turkey (Çanakkale municipality), Ukraine, and Uzbekistan. This review builds on information provided by the ministries of finance of the BCOP PEMPAL member countries during previous BCOP PEMPAL Budget Literacy and Transparency Working Group (BLTWG) meetings, the results of the BLTWG Survey and desk research. Section III is based on a desk research of international best practices with the focus on the role of the national ministries of finance. Section III lays out the government's motivation to implement participatory budgeting, focuses on key success criteria and preconditions, details the nature of risks and their mitigation, includes classification of models with country examples, and offers a framework to design and scale up participatory budgeting. Section IV contains recommendations and concluding remarks.

Summary Findings on Participatory Budgeting

Participatory budgeting (PB) is "a mechanism or a process through which people make decisions on the destination of all or part of the available public resources".[1] While the best practices in budgeting usually originate from the most developed countries, the PB practice was first introduced in the developing world, specifically in Brazil. PB has rapidly spread across the globe and now exists at all levels of government around the world, including neighborhoods, cities, districts, regions, and national governments. The 2019 PB World Atlas estimates that there have been over 11,000 PB experiences worldwide.[2]

PB differs from other forms of public participation in the budget process in the following respects: (i) the object of PB is part of the public budget, that may range from 1 percent to 100 percent; (ii) deliberation[3] is a part of the process; (iii) the decision is made by citizens; (iv) the decision is implemented by government or is financed from government funds; (v) citizens can monitor public spending; (vii) the process is not unique but is repeated over years. PB processes are usually designed to be more inclusive and accessible.

The United Nations Department of Economic and Social Affairs identifies PB as a good innovative practice in public governance. As emerged recently from the World Urban Forum held in Abu Dhabi in 2020, PB is a promising multidimensional instrument to accelerate many of the Sustainable Development Goals.[4]

Growing evidence suggests that PB can provide benefits, if executed well, including increases in access to public services and their quality, pro-poor spending, and revenue collection. It has also been shown to improve community cohesion, build trust and bridges between community and government, and to lead to greater accountability and transparency.

The different levels of governments may have distinct incentives for promoting PB. The national level government may want to implement PB programs to increase transparency, accountability, and public

[1] UN-HABITAT (2004). 72 Frequently Asked Questions about Participatory Budgeting. Urban Governance Toolkit Series. P.20, https://unhabitat.org/72-frequently-asked-questions-about-participatory-budgeting

[2] Dias, N., Sahsil E., Simone J. (eds), (2019). Participatory Budgeting World ATLAS 2019. Cascais: Oficina. https://www.cascais.pt/anexo/participatory-budgeting-world-atlas-2019

[3] Deliberation is an approach to decision-making in which citizens, not just experts or politicians are deeply involved in community problem solving and public decision making. See more about deliberation: OECD (2020) Innovative Citizen Participation and New Democratic Institutions. Catching the Deliberative Wave. DOI: https://doi.org/10.1787/339306da-en

[4] An innovative multidimensional approach to accelerate the 2030 Agenda through Participatory Budgeting. Report, presented at the 10th Session of the UN-HABITAT World Urban Forum held in Abu Dhabi, UAE, 8-13 February 2020, https://wuf.unhabitat.org

finance efficiency. Regional governments may seek to contribute to community cohesion, build understanding and trust. Local governments may be guided by expected outcome to match priorities to available resources and budget limitations or wish to enhance the effectiveness of revenue collection.

To ensure PB success, the key success criteria, implementation risks, other preconditions require attention. At its simplest, a PB program can be termed successful when the expected benefits are achieved through the introduction of PB into the budget process. The examples of criteria to design the appropriate formula and scale of the PB program success may be drawn from evaluation toolkits, developed by PB researchers and practitioners,[5] such as, for example, the 15 key evaluation metrics,[6] based on the advice of the North American Participatory Budgeting Research Board[7] and others.[8] Such metrics specify data points about participatory implementation, participation and winning projects that are important for better understanding of the current state of PB, tracking its immediate outputs, and clarifying its potential long-term impacts.

The main risks to a PB process may include the following: (i) the risk of failure of a meaningful engagement, including wide public discussion and vote; (ii) the risk that vulnerable groups will not be successfully involved; (iii) the risk that costs are too high in relation to the actual benefits; (iv) the risk that citizens expectations cannot be met; (v) the risk of tension between legislature members and the opinion leaders; (vi) the risk that with the change of government the PB may be stopped.[9] Clarity and transparency are vital to mitigate all mentioned risks. Timely, accessible, and easy to understand information on budget expenditure about relevant ongoing and implemented projects should be disseminated as much as possible.

The spread of PB worldwide has introduced many different hybrid models. They may be classified according to the following criteria: (i) primary government's incentives; (ii) the level of government; (iv) civil society organizations involvement; (v) the form of citizens' participation; (vi) the stage of the budget process; (vi) financial resources designated; (vii) institutionalization by law; and (viii) use of internet and digital technology.[10] The generalized and simplified PB process scheme comprises six steps built around the budgetary cycle: Step 1: Preparation and Design; Step 2: Engaging Community and Building Capacity; Step 3: Proposing Projects and Review; Step 4: The PB Formulation; Step 5: Implementation and Monitoring; and Step 6: Evaluation and Analysis. The scheme is applicable to the national and subnational level.

The PB programs at national level are those run by the national government, with a focus on national-level resources and authority held by the national government. In addition to the mentioned benefits these programs may bring the innovation and greater feedback to the national policies. Moreover, successful PB programs at national level will encourage subnational governments to implement and integrate PB. The "Framework questions to design and plan PB"[11] are the useful tool to structure the preparation of a PB pilots and their further enhancement. The "framework questions" are applicable to all government levels.

Recommendations

The "Ecosystem approach" is proposed for developing a country strategy of scaling up the PB model, which has been contextualized and adapted to the specific needs and conditions of the country. It is a biological metaphor used in economic and governance

[5] Glasgow's Participatory Budgeting Evaluation Toolkit, http://whatworksscotland.ac.uk/wp-content/uploads/2017/06/ParticipatoryBudgetingEvaluationToolkit.pdf; World Bank (2018). Participatory Budgeting Manual for County Governments in Kenya, http://documents1.worldbank. Participatory Budgeting Self-Evaluation Toolkit, https://pbnetwork.org.uk/wp-content/uploads/2016/02/PBunit-self-evaluation-Toolkit.pdf

[6] 15 Key Metrics for Evaluating PB. Participatory Budgeting Project, https://www.participatorybudgeting.org/15-key-metrics-for-evaluating-pb/

[7] The North American PB Research Board is a collection of academic and professional field researchers who: shape goals for North American PB research, advise one another on design, implementation, analysis and harmonization of North American PB research, support communications of research results, including access to and preservation of past PB research results, https://www.participatorybudgeting.org/north-american-pb-research-board

[8] The Glasgow's PB Evaluation Group produced the Glasgow's Participatory Budgeting Evaluation Toolkit with criteria, helpful to design PB program with success criteria, http://whatworksscotland.ac.uk/wp-content/uploads/2017/06/ParticipatoryBudgetingEvaluationToolkit.pdf

[9] Table 1 in the Section I describes the risks and presents mitigation strategies to each of these risks.

[10] Table 2 in the Section III describes different PB models according with proposed classification and presents the country examples for each of them.

[11] See "Framework questions to design and plan PB", presented in Section III of this knowledge product.

studies, applied to innovations diffusion due to the association of ecosystems with sustainability, with a primary motivation to exploit self-organizing properties of natural ecosystems. The ecosystem approach provides a systematic structure, useful to summarize practical mechanisms about how ministries of finance can encourage and facilitate PB development through context-sensitive scaling of the PB model.[12] Depending on country-specific political, institutional, and social circumstances, and the degree of transfer of power to citizens, national plans of PB development can consider a wide list of policy levers and actions. Apart from leadership, vision, and commitment to PB, the political and policy levels are important for creating an enabling environment for its integration in the budget process.

Seven types of Ministries of Finance-led national arrangements have been identified that facilitate implementation and scaling up PB at national and subnational levels.

- **Introduction of PB at national level is increasingly useful to encourage subnational governments to implement and sustain this practice.** This could be done by line ministries/agencies, which may initially design PB at national level in a small scale applying the "Framework questions to design and plan PB."[13] Countries, which introduced program-based budgeting as part of the budget process, may wish to develop a unified mechanism to integrate citizens' decisions in the programs.
- **Building awareness and public support by communicating the importance of PB programs to several direct and indirect benefits** entails, primarily, establishing relationship with stakeholders, and leveraging partnerships. Other optional components include development of a nation-wide PB awareness-raising strategy, strategic communication, information and knowledge sharing events, internet portal, etc.
- **Developing legislation and regulation needs to be balanced, and should adequately address the socio-political, legal and administrative context.** Introduction of PB at the national level will require regulatory framework for the PB integration into the budgeting, national laws, governing PFM, framing PB within the national priorities, or integrating into the strategic planning, and establishment of mechanisms to involve vulnerable groups. The national government can facilitate PB at subnational level by offering "PB guiding principles" for the subnational governments; encourage them to create regulations in cooperation with stakeholders and to design PB to be inclusive.
- **Sufficient financial resources are needed for successful PB.** The national government should determine what amount is allocated for PB at national level, set the amount and legal mechanism of co-funding (voluntary donations), adopt codification of PB expenditure, and empower the subnational governments to allocate a part of the public budget for the PB projects and to embed a co-funding mechanism by providing them with the tools and legislation required.
- **Strengthening staff capacity is required.** The national level government needs to study the best international PB practices, train the ministerial officials in charge of PB in specific technical skills, develop e-learning tools on PB, and use consulting services. PB at subnational level will also benefit from access to e-learning tools on PB, technical support on PB organization, training for subnational officials and subnational leaders, and peer-to-peer learning.
- **Adequate infrastructure plays an enabling role in PB streamlining, launching new initiatives and sustaining success.** It includes the PB steering committee, the PB Focal Agency/Office/Centre, an expert group on PB, a network of PB experts and practitioners. A budget data portal with a PB section for related knowledge, coordination, discussion, and voting will facilitate the implementation since e-based learning, e-based communication, e-based participation have recently become vital to maintain PB initiatives.
- **Monitoring PB initiatives and measuring their impact would give the national government a good evidence base for policy and management decisions.** Methodology, designed for assessing the PB quality and scale, should anticipate development and rolling-out of management information systems for monitoring, collecting, and communicating information on PB implementation. To ensure the PB process is trusted, the national governments need to facilitate transparent reporting and accountability in implementation of the PB projects.

[12] See Table 3 "Framework for Scaling up the Participatory Budgeting Model" in the Section III that provides with scaling up action areas for countries structure, in which Ministries of Finance may play a leading role.

[13] See "Framework questions to design and plan PB", presented in Section III of this knowledge product.

SECTION 1

PARTICIPATORY BUDGETING: GENERAL OVERVIEW

The participatory budgeting phenomenon is relatively new and has taken off globally in only the past 30 years. Examples of participatory budgeting can now be found all over the world however there are still countries which do not practice this discipline, or which started trying very recently. The process was first developed in Brazil in 1989 and recent data from the Participatory Budgeting World ATLAS 2019 estimate that there are as many as 11,825 participatory budgeting experiences worldwide, most at the municipal level.[14]

Defining Participatory Budgeting

Participatory budgeting as "a mechanism or a process through which people make decisions on the destination of all or part of the available public resources"[15] is a globally acknowledged good practice of participatory governance. Experts in the public finance management see participatory budgeting as an innovative solution to promote further modernization and accountability in the public sector.

"Participatory budgeting represents a direct-democracy approach to budgeting. It offers citizens at large an opportunity to learn about government operations and to deliberate, debate, and influence the allocation of public resources. It is a tool for educating, engaging, and empowering citizens and strengthening demand for good governance. The enhanced transparency and accountability that participatory budgeting creates can help reduce government inefficiency and curb clientelism, patronage, and corruption."[16]

Although PB was invented and first tested in Latin American countries, it is impressive that this mechanism has been adopted in many different communities, cultures, and political systems. In some countries, participatory budgeting is primarily used to promote the democratic process, strengthen civil society, and improve the efficiency of existing public services. In other countries it is a tool for increasing budget transparency and trust in the authorities.

Participatory Budgeting in Relation to Other Forms of Public Participation in the Budget Process

PB is one form of public participation in the budget process; it falls into the upper dimension of the "Dimensions of Citizen Engagement."[17] Other forms exist, such as sectoral councils, public consultations, participatory strategic plans, complaints mechanisms, public hearings, and social audits, etc., aligned with the budget cycle: public participation in budget formulation, approval, execution, and oversight. Various engagement approaches were described in the previous BLTWG BCOP knowledge product.[18]

The Open Budget Survey 2019 Global Report provides an overview of the different participation mechanism types and examples of countries that have designed public engagement in the budget process at the national level that reflects international best practice, participatory budgeting among them. The GIFT Principles and the OBS recognize that public participation will not look the same in all countries, and that mechanisms should be designed around specific goals and contexts, although the principles of public participation are universal.[19]

---

[14] Dias, N. et al (eds), (2019). Participatory Budgeting World ATLAS 2019. Cascais: Oficina. P.16, https://www.cascais.pt/anexo/participatory-budgeting-world-atlas-2019

[15] UN-HABITAT (2004). 72 Frequently Asked Questions about Participatory Budgeting. Urban Governance Toolkit Series. P.20, https://unhabitat.org/72-frequently-asked-questions-about-participatory-budgeting

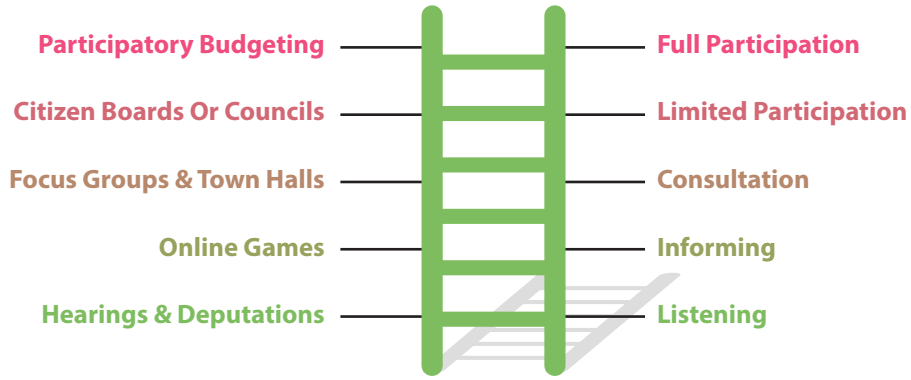
[16] World Bank (2007). Participatory Budgeting. Shah, A. (ed.) Public Sector Governance and Accountability. Washington, DC: World Bank. P. 1, http://hdl.handle.net/10986/6640

[17] World Bank (2014). Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations. Washington, DC. World Bank. P.8, https://openknowledge.worldbank.org/handle/10986/21113

[18] World Bank (2020). Public Participation in Fiscal Policy and the Budget Process – Establishing and/or Strengthening Mechanisms in PEMPAL Countries. Prepared by BLTWG under the BCOP of the PEMPAL network. https://www.pempal.org/knowledge-product/public-participation-fiscal-policy-and-budget-process-–establishing-andor

[19] IBP (2019a). Open Budget Survey 2019. https://www.internationalbudget.org/open-budget-survey/reports

Figure 1. A Ladder of Budget Participation



Source: The Participatory Budgeting Project, participatorybudgeting.org

The Participatory Budgeting Project presented a ladder of budget participation (see Figure 1) adapted from the International Association for Public Participation - IAP2's Public Participation Spectrum[20] and the ladder of citizen engagement that was first developed by the planner Sherry R. Arnstein.[21] This is a helpful framework to think about the level of engagement and different types of interaction that selected participatory instruments ensure. The main difference between all forms of public participation in the budget process and PB is that PB involves citizens directly in making decisions about budget issues -- specific projects are identified and prioritized by citizens and their decision has a binding nature. The process is open to full participation according to a ladder of budget participation. PB represents a direct-democracy approach to budgeting and has the same effect as a referendum.[22] The scale at which PB is implemented can range from local to the national levels.

PB programs are identified by five basic traits to distinguish them from other public participation arrangements:

- The object of PB is the public budget or the part of the public budget on which citizens make proposals that they consider important.
- Deliberation is a part of the process: citizens are invited to public discussion and debate within the framework of specific meetings/forums/assemblies, recently including online meetings.
- The participatory process includes a decision made by citizens that will be implemented. Citizens may decide on which proposals to fund from the budget through voting or other decision-making procedures, adopted for competitive selection of winning proposals to be included in the budget (processes where citizens are asked to make their voices heard are generally considered to be consultation mechanisms).
- Government implements the chosen proposals.
- Professor Yves Sintomer et al suggest two more attributes of the citizens' engagement practice to be categorized as PB:[23]
  - The process is designed to ensure that citizens can monitor public spending.
  - The process is repeated over years (a participatory process in the budget process, planned as a unique event -- one meeting or referendum on the public budget does not constitute an example of PB).

[20] Core Values, Ethics, Spectrum – the 3 Pillars of Public Participation, https://www.iap2.org/page/pillars

[21] Arnstein's Ladder is available at https://citizenshandbook.org/arnsteinsladder.html, Arnstein, Sh. (1969). A Ladder of Citizen Participation. American Planning Association Journal, Vol. 35, No. 4

[22] International IDEA (2017). Global Passport to Modern Direct Democracy, by Bruno Kaufmann. International Institute for Democracy and Electoral Assistance. P.7, https://www.idea.int/sites/default/files/publications/global-passport-to-modern-direct-democracy.pdf

[23] Sintomer, Y., Herzberg, C., Röcke, A., & Allegretti, G. (2012). Transnational Models of Citizen Participation: The Case of Participatory Budgeting. Journal of Public Deliberation, 8(2), 9, http://www.publicdeliberation.net/jpd/vol8/iss2/art9 ; Sintomer Y., Herzberg C., Allegretti G. (2013). Participatory Budgeting Worldwide – Updated Version No. 25. Bonn. http://www.ces.uc.pt/myces/UserFiles/livros/1097_DG-25_bf.pdf

In addition, PB processes are usually designed to be more inclusive and accessible. Often, citizenship or voter registration is not required to vote in PB; residency in the municipality and a local address is enough. Also, meeting and voting sites are typically in accessible locations such as cultural centers, libraries, and schools, ideally with targeted outreach to populations that would not normally be engaged through other forms. In recent years PB is more likely to combine offline meetings with online voting. Digitalization also poses its own challenges, as indicated by Bernardino and Freitas: "it brings new risks to PB, such as the potential digital exclusion of some citizens, and bias toward more young, educated, and high-income people."[24] The risks need to be recognized and overcome to employ digital technologies for best results.

Participatory Budgeting as a Successful Innovation

PB has rapidly spread across the globe and now exists at all levels of government around the world, including neighborhoods, cities, districts, regions, and national governments. It is considered to be one of the most successful democratic and social innovations of the last decades[25] with a capacity of dissemination and replication. PB changes the relationships between the citizens and governments, giving chances to more citizens to take part in decision-making process and giving politicians more chances to be in touch with ordinary people. Moreover, it is a change in how citizens and governments communicate. Earlier, communication used to be more hierarchical; later, it started to be equal. Groups that used to be left out of the process can now represent their own interests, so it is a completely new way of governance.[26]

United Nations Department of Economic and Social Affairs identifies PB as a good innovative practice in public governance.[27] Among a multitude of examples, methods and concepts of social innovations the Open Book of Social Innovation[28] refers PB to a social innovation. PB is noted as an innovative form of citizens' engagement while also serving as an inventive form of funding social innovation proposed by citizens.

Participatory Budgeting and Sustainable Development Goals

PB initiatives worldwide have provided evidence that this tool has a positive, powerful force for addressing issues related to sustainable development. PB is a promising multidimensional instrument to accelerate many of the sustainable development goals (SDG) and support governments to reach targets of the 2030 Agenda, as emerged recently from the World Urban Forum held in Abu Dhabi.[29] PB is directly linked with 7 of 17 SDGs and can face directly more specific targets and SDGs simultaneously (4.7; 5.b; 6.2; 7.1; 10.2; 11.3; 11.7; 16.6; and 16.7). Please refer to Box 1 for illustration of the linkages.

[24] Bernardino, S., Freitas S. (2020). Crowdsourcing Ideas for Public Investment: the Experience of Youth Participatory Budgeting in Portugal. In Gajda, O., Marom, D. & Wright, T. (Eds.). CrowdAsset: Crowdfunding for Policymakers, Chapter 17, World Scientific, Singapore, https://doi.org/10.1142/9789811207822_0017

[25] Cipolla, C. et al (2016). Transformative Social Innovation: Participatory Budgeting. TRANSIT: EU SSH.2013.3.2-1. Grant agreement no: 613169, http://www.transitsocialinnovation.eu/resource-hub/oidp-network-international-observatory-of-participatory-democracy ; Allegretti, G., Hartz-Karp, J. (2017). Participatory Budgeting: A Methodological Approach to Address Sustainability Challenges. In Methods for Sustainability Research; Hartz-Karp, J., Marinova, D., Eds.; Edward Elgar: Cheltenham, UK

[26] Novy, A., Leubolt, B. (2005). Participatory Budgeting in Porto Alegre: Social Innovation and Dialectical Relationship between the state and Civil Society. Urban Studies. Volume: 42, issue: 11. P. 2032, https://journals.sagepub.com/doi/10.1080/00420980500279828

[27] UN-DESA (2011). Good Practices and Innovations in Public Governance. United Nations Public Service Awards Winners, 2003-2011. UN Department of Economic and Social Affairs. https://publicadministration.un.org/publications/content/series_good_practices.html

[28] Murray, R., et al (2010). The Open Book of Social Innovation. http://www.nesta.org.uk/library/documents/

[29] UN-HABITAT (2020). An innovative multidimensional approach to accelerate the 2030 Agenda through Participatory Budgeting Report, presented at the 10th Session of the World Urban Forum held in Abu Dhabi, UAE, 8-13 February. https://wuf.unhabitat.org

Box 1. Linkage of Sustainable Development Goals to Participatory Budgeting

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development

Goal 5. Achieve gender equality and empower all women and girls

- 5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women

Goal 6. Ensure availability and sustainable management of water and sanitation for all

- 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

- 7.1 By 2030, ensure universal access to affordable, reliable, and modern energy services

Goal 10. Reduce inequality within and among countries

- 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status

Goal 11. Make cities and human settlements inclusive, safe, resilient, and sustainable

- 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
- 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

- 16.6 Develop effective, accountable, and transparent institutions at all levels
- 16.7 Ensure responsive, inclusive, participatory, and representative decision-making at all levels

Professor Yves Cabbanes with International Observatory on Participatory Democracy embarked upon a process of localization of the SDGs and reflection on how PB processes could contribute to attaining some of the SDGs, primarily SDG 16 (promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels), and concluded that PB could be a relevant indicator to monitor 16.6 and 16.7 targets, and thus the United Nations may observe clear and measurable indicators for this goal.[30] Four main factors link PB with SDG 16 and its targets: (16.6) develop effective, accountable, and transparent institutions at all levels; (16.7) ensure responsive, inclusive, participatory, and representative decision-making at all levels. Those factors are: (i) direct citizen participation in government decision-making processes; (ii) deterrence of corruption through administrative and policy transparency; (iii) improvements in public goods and services provision; and (iv) a renewed civic and political culture in which local community would serve as a democratic agent.[31]

Box 2. Basic Participatory Budgeting Knowledge Sources

Notwithstanding numerous studies of PB throughout the world, no specific standards exist for implementing PB yet. In addition to the foregoing general review of this mechanism, the following well-balanced basic sources contributed to deepen the knowledge and understanding of the PB function:

- UN-HABITAT, 2004. **72 Frequently Asked Questions about Participatory Budgeting**: explores how to implement participatory budgeting step by step. https://unhabitat.org/72-frequently-asked-questions-about-participatory-budgeting
- World Bank, 2007. **Participatory Budgeting**. Shah, A. (ed.) Public Sector Governance and Accountability. Washington, DC: provides an overview of the underlying principles, analyses current practice and includes seven in-depth case studies. http://hdl.handle.net/10986/6640
- Dias, N. (ed.), 2018. **Hope for Democracy. 30 Years of Participatory Budgeting Worldwide.** Epopeia Records. Oficina: represents the effort of more than forty authors and many other direct and indirect contributors that spread across different continents and provides an overview on PB in the world. The book focuses on experiences of PB, its dilemmas, challenges and limits, as it is being executed worldwide. https://www.oficina.org.pt/hopefordemocracy.html (the full version). In Russian: https://www.oficina.org.pt/uploads/7/0/6/1/70619115/hope4dem_CC_rus_final.pdf
- Dias, N., Sahsil E., Simone J. (eds), 2019. **Participatory Budgeting World ATLAS 2019.** Cascais: Oficina: represents the widest compilation of data to date on PB processes across the planet. It is a collaborative work of more than 70 authors, who voluntarily made themselves available to collect and analyze information that would enable better understanding of the spread of these initiatives in very diverse contexts. https://www.oficina.org.pt/participatory-budgeting-world-atlas-2019.html
- World Bank, 2020. **Public Participation in Fiscal Policy and the Budget Process – Establishing and/or Strengthening Mechanisms in PEMPAL Countries.** Prepared by the Budget Literacy and Transparency Working Group (BLTWG) under the Budget Community of Practice (BCOP) of the Public Expenditure Management Peer Assisted Learning (PEMPAL) network: includes global definitions of public participation, benefits of public participation, international requirements to budget transparency and participation, international frameworks and assessment tools to identify what is considered best practice globally. https://www.pempal.org/knowledge-product/public-participation-fiscal-policy-and-budget-process--establishing-andor

[30] OIDP (2019). Participatory Budgeting: a Powerful and Expanding Contribution to the Achievement of SDGs and Primarily SDG 16.7. Essay by Cabannes, Y. International Observatory on Participatory Democracy. https://participate.oidp.net/processes/SDGs/f/97/proposals/657

[31] UN-HABITAT (2020). An innovative multidimensional approach to accelerate the 2030 Agenda through Participatory Budgeting Report, presented at the 10th Session of the World Urban Forum held in Abu Dhabi, UAE, 8-13 February. https://wuf.unhabitat.org

SECTION 2

PARTICIPATORY BUDGETING IN PEMPAL MEMBER COUNTRIES

Section 2 presents PB practices applied in some PEMPAL member countries. The review is based on data obtained from desk research, information provided by the ministries of finance of the BCOP PEMPAL member countries during the BCOP PEMPAL BLTWG previous meetings,[32] and information shared by the MoFs through the BLTWG survey on PB mechanisms. The survey received 10 responses from Albania, Belarus, Azerbaijan, Croatia, Bosnia and Herzegovina, Kazakhstan, Kosovo, Russian Federation, Tajikistan, and Uzbekistan. According to this data PB has been tested on different scales in 11 BCOP PEMPAL countries: Armenia, Bulgaria, Croatia, Georgia, Kazakhstan, Moldova, Romania, Russian Federation, Turkey (Çanakkale municipality), Ukraine, and Uzbekistan.

Armenia

Erevan, the capitol city of Armenia has a completely web based PB process at the local level implemented in 2019 on the internet platform "Active Citizen,"[33] created for participatory governance (discussing new strategies, discovering ideas, submitting proposals, etc.). The development of the PB platform for projects submission and further online voting for the proposals to be implemented by the city was originated by the Municipality of Yerevan. The e-PB process in the amount of AMD 500,000,000 (USD 960,000) lasted three months. The requirement to the proposal was that cost of implementation not exceed AMD 30,000,000 (USD 57,000). A total of 740 proposals were received from citizens; 204 were shortlisted in accordance with the rules of the "Active Citizen" platform and published for voting. 8,933 citizens registered on the platform from the beginning to the end of the voting, 858 comments were made, and 15,582 "votes" ("likes") were received. As a result, the 17 most popular proposals were slated for implementation in the 2020 budget.[34]

Bulgaria

One PB-related practice in Bulgaria took place in Svishtov City, as described by researchers from the Lucian Blaga University of Sibiu.[35] Svishtov City officials, with the assistance of international experts, designed the Community Based Investment program in the early 2000s, which distinguished between large infrastructure projects financed from external sources and small community-specific projects financed from the city budget through a participatory technique. This budget planning, divided into two components, continues to be an institutional budgeting practice at city level. Citizens can get involved in determining which programs are receiving money from the budget (restoration of sidewalks, park infrastructure, childcare centers, etc.). The citizens are invited to apply for funding under selected programs by participating in public hearings in the community. There are clear criteria and procedures for selected projects, while community may provide co-financing. A steering committee, with representatives from the city hall and civil society, decides which projects within the programs will be proposed to the local council. Selection criteria include participatory nature of the arrangements, level of co-financing, economic and social benefits, maintenance costs, and various technical considerations. The steering committee prepares the plan submitted for approval to the local council. The fact that participation is still increasing suggests that institutional efforts to involve citizens have been successful. Additional resources have been provided for capital investment within the city budget which led to the increasing of interest from inhabitants in maintaining the resulting infrastructure. Further in the subsequent years these actions brought sustainability and reduced local costs. This is one of the examples that give evidence that the initiative has had a further impact on just improving citizen participation.[36] Some other practices, like those in Varna within the PB project for Youth named "Com'on", or "Project for Millions" within "Varna - European Youth Capital 2017", are often stopped after donors funding has come to an end.

[32] Mainly, 2019 Annual BCOP Plenary Meeting. Tashkent, Uzbekistan. March 18-21, 2019. https://www.pempal.org/events/2019-annual-bcop-plenary-meeting, and BLTWG BCOP Videoconference. May 13, 2020. Meeting Topic: Public Participation. https://www.pempal.org/events/budget-literacy-and-transparency-working-group-0

[33] https://activecitizen.yerevan.am

[34] https://www.yerevan.am/am/news/amp-op-vel-en-aktiv-k-aghak-ats-i-hart-aki-arhajarknere

[35] Stanese, I.T. et al. (2018). Considerations on Participatory Budgeting for Local Development Projects in Romania. Revista Economica, Lucian Blaga University of Sibiu, Faculty of Economic Sciences, vol. 70(4). https://ideas.repec.org/a/blg/reveco/v70y2018i4p116-131.html

[36] Stanese, I.T. et al. (2018). Considerations on Participatory Budgeting for Local Development Projects in Romania. Revista Economica, Lucian Blaga University of Sibiu, Faculty of Economic Sciences, vol. 70(4). https://ideas.repec.org/a/blg/reveco/v70y2018i4p116-131.html

Croatia

There are several notable examples of PB and PB-related initiatives in Croatia. The PB practice in Croatia named "Pazi(n) Proračun! (Watch your budget!)"[37] in the City of Pazin, started in 2014 from the pilot project, implemented by the City of Pazin in partnership with the National civil society association GONG,[38] local civil society association "Društvo Naša Djeca",[39] the Institute for Public Finance,[40] and the Cities Association.[41] Now this project is a part of the budget process in Pazin. The PB procedure is the following: in June the mayor of Pazin invites all citizens to submit their proposals of small communal actions to be realized in the next year. In July-August City officials accept the citizens' proposals and start processing and analyzing proposals, the financial resources needed for the realization. In September public hearings are organized in each of the 12 local boards, led by an impartial facilitator. Representatives of the city explain the structure of the city budget, system revenues, and expenditures. They present and explain each proposal and the estimated budget of each proposal, after which a vote takes place. Proposals that receive the most votes, and which are acceptable for realization in legal, technical, and financial terms are incorporated in the draft budget and prepared for the City Council. The 2020 year is the seventh cycle of PB in Pazin. Over 170 small communal projects have been realized in an approximate value of HRK 3,100,000 (USD 503,716) in total. In 2020 the amount for PB was HRK 800,000 (USD 130,000), which is 0.1 % of the city budget for 2020 HRK 134,239,023 (USD 21,812,365).[42] In 2020, due to the Covid pandemic, the City of Pazin was not able to invite all the residents of the local committees to public hearings, however, discussions were held with members of local councils.

The next example is a PB model for schools in Dubrovnik. In 2019 the pilot project "PB in primary schools" was implemented by the Dubrovnik Development Agency, DURA, and the City of Dubrovnik. The students voted for 6 projects with a total value of HRK 60,000 (USD 9,749), 0.008 % from the total budget of Dubrovnik. It was an intensive process of 12 days of workshops in 25 classes through four primary schools, and all this was preceded by two trainings for facilitators-volunteers and quality preparation. In total, about 500 students were involved with a total of 50 projects that went further in the technical analysis. Among the students' suggestions were inspiring ideas, for example, the students of the Marin Getaldić Elementary School decided that they wanted to arrange the outdoor green area, the students of the Ivan Gundulić Elementary School and the Marin Držić Elementary School voted for arranging the living room. The City of Dubrovnik, inspired by the results, launched the School PB project again in 2020.[43] The implementation of the workshops started at the end of October and were completed by the end of December 2020. The project included about a thousand children in the sixth and seventh grades from all seven city primary schools. The DURA Development Agency was the main organizer, and the City of Dubrovnik provided 0.012 % of the total budget of Dubrovnik in 2021,[44] HRK 70,000 (USD 11,374).

There is a considerable interest in PB at the subnational governments, in which the Croatian County Association and the Association of Cities may play a noteworthy role, and PB has a lot of potential in Croatia. Participatory practices are strongly supported by the MoF of Croatia, in cooperation with the Croatia Institute of Public Finance.

Georgia

PB began in Georgia from the first initiative in Marneuli in 2015 in light of the decentralization reform and focused on strengthening civic participation in Georgia. The project, with the financial support from the Polish Aid program, aimed at adjusting the PB model to Georgian municipalities and lasted three years. The amount of GEL 1,500,000 (USD 455,235), which is 9.6 % from the Marneuli budget for 2015, was allocated from the municipal budget for PB.[45] The municipality was divided into 6 zones,

[37] http://proracun.pazin.hr

[38] http://www.gong.hr

[39] http://www.dnd-pazin.hr

[40] http://www.ijf.hr

[41] http://www.udruga-gradova.hr

[42] https://www.pazin.hr/wp-content/uploads/Proracun-dokumenti/Proračun%20u%20malom%20za%202020.%20Pazin.pdf

[43] https://www.dubrovnik.hr/vijesti/nastavlja-se-projekt-participativno-budzetiranje-u-osnovnim-skolama-14219

[44] https://www.dubrovnik.hr/proracun-grada/proracun-kroz-godine

[45] http://civilin.org/pdf/PB_research.pdf

PB councils were set up, citizens were provided with information on topics and how to submit applications; the application winners were included in the next year's budgets. During all three years, the involvement of the population was high, and the number of submitted project proposals increased.

The practice was replicated in two municipalities, Gori and Tskaltubo, which received an award from the National Association of Local Authorities for the best "civic engagement" initiative. In 2016, Rustavi municipality started the EU-funded project "Participatory Budgeting in the City." The Manual for Participatory Budgeting for Rustavi[46] was prepared by the Association of Dutch Municipalities within the project "Local participatory budgeting in the city in Rustavi", supported by EU. Within the framework of the Open Government Initiative commitment, the cities of Kutaisi, Batumi, and Akhaltsikhe launched PBs, and the city of Ozurgeti introduced the Estonia e-PB model of the Estonian e-Governance Academy. In 2018, the Tbilisi City Hall piloted its own model of PB "Your idea to the City Mayor" to the citizens. Citizens submitted their proposals electronically; after a technical examination they were voted on at the website, with the most popular proposals sent to the mayor for a final decision.

In total Georgia has now eleven PB practices in the cities: Gori, Tskaltubo, Akhaltsikhe, Kutaisi, Zugdidi, Signagi, Mestia, Ozurgeti, Batumi, Chokhatauri and at Khelvachauri. The development of PBs in the cities of Mtskheta and Sagarejo (and improvement of Rustavi model) is currently underway. The "Decentralization Strategy for 2020-2025" of Georgia includes the Task 3.3: "Facilitate high quality involvement in local decision-making and implementation," planned "to ensure the institutional participation of citizens in decision-making at the local level, including participatory budgeting."[47]

Kazakhstan

The MoF of Kazakhstan initiated the PB pilot practice "people's participation budget" in 2019. The methodological framework was developed, and training conducted. The MoF directed that starting in 2020 all local governments form budgets using the PB mechanism. The first pilot PB procedures were implemented in Almaty and the Saryarka district of Nur-Sultan in 2019. In 2019 Akimat (municipality) of Almaty presented the new mechanism of joint management of the public space of modern cities with "people's participation budget."[48] It was developed by the municipal agency "Almaty City Development Center" in discussion with NGOs through Urban Forum Kazakhstan.[49] The Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan took part in this discussion.[50]

In 2020 within the framework of the concept of "Hearing State"[51] upon instruction of the President of the Republic of Kazakhstan, the First Deputy Prime Minister of the Republic of Kazakhstan - Minister of Finance of the Republic of Kazakhstan - issued an order about the rules for drafting local budgets.[52] This order established the general provisions for PB. The "people's participation budget" is implemented in major cities, and the capital. PB can be introduced at the cities' district level. Akimats created Expert Councils to review, select, and make decisions on citizens' project proposals. The local budget allocations for PB amounted from 0.5% to 1% of the annual city budget expenditure of the "Housing and Utilities" sector , with the exception of targeted transfers from the higher budget.

An example of a PB initiative called "budget participation" took place in 2020 in the town of Khromtau in the Aktobe region.[53] It was launched for single-industry towns. This PB mechanism involves the citizens of Khromtau in the selection of projects and brings them together with

[46] https://rustavi.gov.ge/file_manager/69/22786afa5eb43cc1a001f1657201be1e.pdf

[47] https://matsne.gov.ge/document/view/4764626?publication=0

[48] See more about the PB practice in Almaty: https://urbanforum.kz/participatory-budget

[49] https://urbanforum.kz

[50] https://almatydc.kz/press/news/predstaviteli-kisi-prinyali-uchastie-v-ekspertnom-obsuzhdenii-byudzheta-uchastiya-almaty

[51] The concept of a "hearing state" initiated by the President of Kazakhstan is a complex concept aimed at building a quality interaction between government agencies and the population, based on accessibility, openness and customer orientation. Special emphasis is placed on identification of the government structures and officials responsible for the quality of consideration of citizens' appeals, https://strategy2050.kz/ru/news/kontseptsiya-slyshashchee-gosudarstvo-ot-slov-k-deystviyu/

[52] Order dated March 12, 2020 No. 254 "About modification and additions to the Order of the Minister of Finance of the Republic of Kazakhstan of October 31, 2014 No. 470 "About the Approval of Rules of Local Government Draft Budgets Formulation", http://adilet.zan.kz/rus/docs/V2000020129

[53] https://budget-uchastiya.kz

the mayor's office and the core single industry – in this case, the Donskoy mining and processing plant -- to work together to decide how to create and develop public infrastructure facilities. The PB in Khromtau allowed residents to determine where and what infrastructure should appear in the city. Citizens offer ideas, design the appearance and functionality of objects, and then vote for the best design solutions. The winners of the online voting in 2020 will be financed by the Eurasian Resources Group (Donskoy plant is a part of it) and implemented by the Akimat in 2021. The company will allocate at least KZT 50,000,000 (equivalent of USD 160,000) for the work.[54]

Moldova

The 2019 Participatory Budgeting Atlas[55] brings up two local governments in Moldova -- Balti and Chisinau – that have local regulations regarding the PB mechanism adopted by Municipal Councils. Balti was the first town in Moldova that began to implement PB in 2016. With the help of Polish experts, local community elaborated the local regulations regarding the mechanism of implementation of the PB process. Chinsau uses both offline and internet platforms, however only offline voting is provided in Balti.

As noted at the September 2020 Moldova Conference "Resilience in Times of Crisis"[56] by Diana Enachi (procurement expert of the Institute for Development and Social Initiatives Viitorul), Moldovan localities Ialoveni, Budești, Bălți, Chișinău, Florești, Ungheni, Cahul, Cimișlia launched PBs. In 2017, citizens submitted 47 projects; 22 of them totaling about MDL 2,200,000 (USD 130,000) were implemented. In 2018, 73 projects were submitted; 20 of them totaling about MDL 3,000,000 (USD 176,000) were realized. The process includes a working group or a local commission formed of representatives of the local public authorities and civil society tasked with choosing initiatives according to the approved procedure and assessment criteria. After technical expertise proposals are put to a public vote, the selected projects are financed and "very nice things for the community were done."[57]

Romania

At least 17 cities in Romania have implemented PBs that allow their citizens to make proposals to the budget and vote for them.[58] Cluj-Napoca was the first city to pilot PB in 2013 with the help of academia and nonprofits. The cost of the projects implemented amounted to almost USD 5,000,000[59] equivalent to 2.2% of the Cluj-Napoca budget for 2013. After the smaller PB projects, in 2017 Cluj-Napoca implemented the first full online PB in Romania. All inhabitants living, studying, or working in Cluj-Napoca could propose projects and vote. During the first phase of the procedure, projects were put forward by citizens in 6 different categories (alleys, sidewalks, and pedestrian areas; mobility, accessibility, and traffic safety; green areas and playgrounds; arrangements of public spaces (urban furniture, public lighting, etc.); educational and cultural infrastructure; and digital city). After that, each project was evaluated by the City Hall from a legal and a technical standpoint. The projects declared eligible went to the first round of voting (30 projects were selected). After that, a second round of voting selected the 15 projects to be implemented (each with a maximum budget of USD 180,000). Being the first of its kind in Romania, this model was adopted in this form (sometimes with small variations) by many Romanian cities that introduced PB in 2018-2019.[60]

The PB in Romania is endorsed using local council decisions and can be requested by any citizen or local council member. It must be agreed by local council between the day when the national budget is approved by the parliament and the day when the local budget is approved. In the first 15 days since the national budget was passed in the parliament, the local councils need

[54] https://e-cis.info/news/567/87525

[55] Dias, N. et al (eds), (2019). Participatory Budgeting World ATLAS 2019. Cascais: Oficina. P.169, https://www.cascais.pt/anexo/participatory-budgeting-world-atlas-2019

[56] https://crjm.org/invitam-reprezentantii-organizatiilor-societatii-civile-la-conferinta-rezilienta-in-timpuri-de-criza/?fbclid=IwAR3SnklvsyijoOq-5CMWoNN-CNTnTpc3Z8pOqBf0KOoItLKrI4drfu9SNHY

[57] https://www.ipn.md/en/participatory-budgeting-at-local-level-implemented-in-moldova-too-7967_1075950.html

[58] The map, where all PB locations in Romania are shown is available at https://www.mapcustomizer.com/map/romania-bugetare-participativa . The ones in green are implemented; the ones in light blue are approved, and will start within the next fiscal year, due to Romanian public budget regulations.

[59] Boc, E. (2019) The Development of Participatory Budgeting Processes in Cluj-Napoca. Babeș-Bolyai University. Transylvanian Review of Administrative Sciences. No. 58 E. October 2019. P.44, https://rtsa.ro/tras/index.php/tras/article/view/604

[60] Urs, N. (2020). Put Your Money where Your Mouth is - Participatory Budgeting in Romanian Cities. Babeș-Bolyai University, In "Central and Eastern European e|Dem and e|Gov Days 2020" Conference Proceedings. P.306, http://real.mtak.hu/108873/1/ceeegov2020.pdf

to decide how they will spend the money per domain. In the next 15 days, the residents and the council can propose what projects are going to be supported in that year and in the last 15 days the final project list will be decided and accepted.[61]

Russia

The first PB[62] experiment in Russia was launched in the Stavropol region in 2007 within the Local Initiatives Support Program of the World Bank. According to the Russian MoF, 249 PB practices of various scales were implemented in 69 out of 85 Russian regions by 2019.[63] This rapid development was largely driven by favorable success factors. First, interregional multi-partner "Transparent Budget Program" contributed to the awareness of stakeholders about effects of public participation in the budget process in over 15 Russian regions and at the national level (1998-2010). The Russian NGO Strategy Center[64] coordinated the Transparent Budget Program in partnership with local NGOs, regional authorities, and local governments. An extensive training curriculum on budget literacy, capacity building on performance-based budgeting, and arrangement of public participation in the budget process were part of the action within the Program. One of the first in the world[65] Budget Transparency and Public Participation Survey was conducted as a pilot prior to the Open Budget Survey of the International Budget Partnership. The Transparent Budget Program has resulted mainly in the establishment of preconditions for PB. Second, the Local Initiatives Support Program (LISP)[66] of the World Bank, practiced in eight regions of Russia with the support of regional authorities in 2007-2016. Over ten thousand PB projects of high importance for local communities were implemented in at least a quarter of Russia's regions within the LISP. Third, in 2015 MoF of Russia became interested in PB effects and established the Center for Initiative Budgeting (CIB) within the Financial Research Institute of the MoF. The CIC was assigned to coordinate the development of PB in Russia.

The success of LISP in Russia has given impetus to the development and replication of PB. Starting from April 2016, the World Bank began implementing a joint project with the MoF of Russia "Strengthening PB in Russia" which is aimed at (i) scaling up PB/LISP practices in regions; (ii) developing institutional infrastructure for implementing PB in regions; identifying and strengthening capacity of regional project centers responsible for PB in the field; (iii) improving and disseminating methodology on PB; (iv) identifying and adopting best Russian and international PB practices beyond LISP; (v) improving budget literacy of PB stakeholders through informational and capacity building events.

In 2018 the PB was manifested in the national government mid-term strategic planning document "Main Directions for Action of the Government of the Russian Federation Through 2024 (published September 29, 2018)."[67] One of the targets set in the document is that by the year 2024, 50 % of the regions would develop and approve regional development strategies for initiative budgeting. Another important national document – the Concept Paper on Increasing Efficiency of Budget Expenditures for the Period 2019-2024 (approved by the Government of the Russian Federation on January 31, 2019) -- also states the need for developing mechanisms for citizen participation (based on PB) to finding solutions for social and economic development, and for the dissemination of regional and municipal PB practices. In 2018 the activities facilitating PB development in Russia have become part of the MoF's State Program on Public Finance Management and Financial Market Regulation (Main Activity 3.4 "Implementation of the PB development Program in

[61] Dias, N. et al (eds), (2019). Participatory Budgeting World ATLAS 2019. Cascais: Oficina. P.174, https://www.cascais.pt/anexo/participatory-budgeting-world-atlas-2019

[62] PB is locally called "initiative budgeting", PB projects called "initiative projects"

[63] MoF, Russia (2020). Doklad o luchshih praktikah iniciativnogo byudzhetirovaniya v sub"ektah Rossijskoj Federacii i municipal'nyh obrazovaniyah v 2019 godu [Report on the Best Practices of Initiative Budgeting in the Regions of the Russian Federation and Municipalities in 2019]. Report by Financial Research Institute. Ministry of Finance, Russian Federation. https://minfin.gov.ru/common/upload/library/2020/10/main/0570_doklad_IB_2020_itog.pdf?fbclid=IwAR2h4pc2zEs7y5jg-8SgQJ9

[64] Interregional Strategy Center is the member of the International Budget Partnership's global budget groups' network since 2000, and the only Russian NGO, performing assessment of the national budget transparency in the IBP's Open Budget Survey since the first round in 2006. See more: IBP (2000). A Taste of Success: Examples of the Budget Work of NGOs. By Rocio Campos and Isaac Shapiro. https://www.internationalbudget.org/publications/a-taste-of-success-examples-of-the-budget-work-of-ngos accessed Dec.2020; Vinogradova, T. (2003). Glava 3. "Prozrachnyj byudzhet" [Chapter 3 "Transparent budget"]. In Social'nye tekhnologii mezhsektornogo vzaimodejstviya v sovremennoj Rossii: Uchebnik [Social Technologies of Intersectoral Interaction in Modern Russia: Textbook] by Avtonomov, A. (ed.) Moscow, http://library.khpg.org/files/docs/1438502616.pdf; and Vinogradova, T. (2010). Transparent Budget Program in Russia. Report, http://center-strategy.com/budget

[65] The other similar Survey at the same time was conducted by IDASA (South Africa) in several countries of African continent

[66] https://www.worldbank.org/en/country/russia/brief/lisp

[67] http://static.government.ru/media/files/ne0vGNJUk9SQjlGNNsXlX2d2CpCho9qS.pdf

the Russian Federation" includes: creating a regulatory framework for PB; creating an institutional infrastructure for the PB development at the regional and municipal levels; support, regulation and provision of information support for the PB development; and monitoring and evaluating the PB schemes and practices development.[68]

One of the tasks assigned by the President in January 2020[69] (para. 15) was to create the legal framework for PB at the local government level. In 2020 changes to the Budget Code and the law on local self-governance to improve the regulations on co-financing initiatives of the population (PB practice) have also been made. Changes to the Budget Code include: each PB project is assigned to a unique code for the classification of budget expenditures; "initiative payments" (co-funding from citizens) are excluded from the principle of general (aggregate) coverage of budget expenditures; initiative payments are credited to the revenues of municipalities as non-tax revenues of budgets; the MoF is vested with authority to exercise methodological support of planning and execution of budget expenditures of constituent entities of the Russian Federation on the implementation of initiative projects. The MoF is currently working on design of a PB mechanism to integrate into some national level programs which have a direct impact on citizens.

Turkey (Çanakkale Municipality)

A structure like PB in Porto Alegre Brazil, a simpler participatory model, was used as the method of including citizens in budgeting and implementation in Çanakkale Municipality in Turkey as part of the EU-funded Support to Local Administration Reform Project supported by the UNDP in 2007-2008.[70] The participation in Çanakkale was strongly driven by the Agenda 21 and the development of the 2006-2010 Strategic Plan.[71] The PB pilot in 2007 for preparing the 2008 local investment budget consisted of a three-step procedure, including: an awareness-raising campaign, a residents survey to assess their willingness to take part in the new participation process, public debates at the neighborhood level, and the voting of citizens on investment priorities. The three-month campaign was undertaken to inform people about what is budgeting, the information was disseminated through public meetings, focus group meetings, information brochures, and visual and print media. Public meetings were held to also familiarize local people with the investment projects and the participation possibilities and to recruit volunteers who would be interested in taking part in the monitoring and evaluation stage. Çanakkale provided citizens with information on the local budget with a focus on the expenditure levels in previous years and forecasts of required resources. Based on this information, citizens defined the investment priorities of the city and their neighborhood by ranking various options. The described PB is not common for the Turkish local governments; the political will of the Mayor was decisive for the PB experiment and the practice has not taken root.

Ukraine

Ukraine launched the first PB in 2015 in the cities of Chernihiv and Cherkasy, where local communities experimented with PB technologies, allowing citizens to propose ideas to authorities and vote for those to be included in the budget. In the city of Lutsk local government introduced a program called "Citizens' Initiatives Competition", through which it piloted introduction of the citizens' participatory budget in 2015. The highest number of new communities has introduced PB in 2017 – at least 58.[72] By 2019, PB in Ukraine spread out to 36 communities in rural areas and 88 communities in the urban areas,[73] where citizens could participate in the decisions on a total of about UAH 590,000,000 (USD 20,000,000) of local budget funds, amounting to 0.1% of all local budgets (the resource of all local budgets and subventions is UAH 573,000,000,000 (USD 20,000,000,000). The total amount allocated from local budgets for PB was 0.4-0.5% for those villages, towns, and cities where the PB was put in place in 2019.[74] A positive trend in increasing expenditures from local budgets

[68] State Program on Public Finance Management and Financial Market Regulation, https://minfin.gov.ru/common/upload/library/2020/04/main/N_320.pdf, main activity 3.4: pages 135-136

[69] http://www.kremlin.ru/acts/assignments/orders/62919

[70] OECD (2009). Focus on Citizens: Public Engagement for Better Policy and Services. Participatory Budgeting in Çanakkale, Turkey. DOI: https://dx.doi.org/10.1787/9789264048874-14-en

[71] https://www.govint.org/good-practice/case-studies/the-co-production-journey-of-canakkale-in-turkey/change-management

[72] Khutkyy, D., Avramchenko, K. (2019). Impact Evaluation of Participatory Budgeting in Ukraine. Kiev, http://ukrainedemocracy.org/?news=article-impact-evaluation-participatory-budgeting-ukraine

[73] Dias, N. et al (eds), (2019). Participatory Budgeting World ATLAS 2019. Cascais: Oficina. P.186, https://www.cascais.pt/anexo/participatory-budgeting-world-atlas-2019

for the implementation of PB projects in Ukraine was reported. For example, the amount for PB in the city of Berdychiv tripled. In Kiev, there was also a threefold increase - from UAH 50,000,000 (USD 1,800,000) to UAH 150,000,000 (USD 5,300,000).[75] The city of Kryvyi Rih, as an exceptional example, has shown a 43-fold increase - from UAH 500,000 (USD 18,000) to UAH 21,500,000 (USD 760,000).[76]

Different non-governmental actors advocated for and promoted PB, for example, the Polish-Ukrainian Cooperation Foundation (PAUCI) helped to organize PB. PAUCI reported about the approach, framework, and achievements in 5 cities and 5 amalgamated territorial communities of Eastern Ukraine.[77] The Ukrainian tech NGO SocialBoost developed a PB system for city halls.[78] The system helps local governments automate PB; it makes the process secure and transparent for both public sector and civil society. It has now been used by more than 800,000 people in 32 cities of Ukraine. The Swiss-Ukrainian program "E-Governance for Accountability and Participation" provides local communities with a free access to the online-service "Community budget."[79] Through this platform, the citizens of the village of Sviatohirske in Poltava Oblast chose ideas like the first Interregional Tourist Festival and Fair called "Everything's Going Tourist," while the residents of Dunayivka in Khmelnytskiy oblast went for a trail for young naturalists called "On the Edge of Epochs." Since this service was launched, more than 4,000 proposals were submitted and over UAH 116,000,000 (USD 4,182,090) were allocated.[80]

As reported by Michał Kozak, the dominant model of PB in Ukraine is known as the "Polish model", as it is like the system used in Poland. Its key features are: (i) local authorities are obliged to implement all the projects selected by the citizens through voting; (ii) procedures for the adoption and implementation of the PB are fully transparent; (iii) projects must correspond to the strategic development plan of a given territorial unit and must fall within its authority; (iv) project implementation cost may not exceed the amount originally allocated to it; (v) implementation of the project is tied to the territory of a given territorial unit; (vi) selection and implementation of projects is cyclical and takes place every year; (vii) municipal utility companies are the contractor for the project implementation.[81]

The Government of Ukraine facilitates PB at subnational level through the State Fund for Regional Development (SFRD), established in 2013 and managed by the Ministry for Communities and Territories Development. The SFRD aims to support the State Strategy for Regional Development as means of decentralization reforms in Ukraine including capital transfers for subnational investment. It finances investment programs and development projects prepared and submitted by subnational governments.[82] An allocation of UAH 30,000,000 (USD 1,081,575),[83] which is about 0.02 % of the Ukraine State Budget for the 2020[84] is provided under the PB within the SFRD. The order endorsed by Resolution of the Cabinet of Ministers of Ukraine of March 18, 2015 № 196 (amended on March 3, 2019)[85] establishes the procedure of preparation, evaluation and selection of investment programs, regional development projects and projects winners of the "all-Ukrainian public budget" to be funded from the SFRD. Submission and selection of projects takes place at the oblast level (or Kiev city). All projects must match the State Strategy of Regional Development and the relevant regional strategy. Projects must also be in line with the criteria: (i) approved project documentation for new construction, reconstruction, restoration, overhaul projects; (ii) implementation schedule is from one to three years; (iii) co-financing

[74] Bernatskyi, B., Kovalenko, O. (2020). Hromads'ke Byudzhetuvannya v Ukrayini [Participatory Budgeting in Ukraine] Briefing Paper. Democracy Reporting International. February 2020. https://democracy-reporting.org/ru/dri_publications/participatory-budget-ukraine

[75] Hromads'kyy byudzhet (participatory budget): History 2016-2019, https://gb.kyivcity.gov.ua/pages/history

[76] Bernatskyi, B., Kovalenko, O. (2020).

[77] PAUCI (2019). Participatory Budgeting. Practical Experiences from Cities and Amalgamated Communities in Eastern Ukraine. Polish-Ukrainian Cooperation Foundation within the framework of the Project "Strengthening Ukrainian Communities Hosting Internally Displaced Persons", https://pauci.org/en/

[78] For example: https://kyiv.pb.org.ua, https://pb.org.ua/en

[79] https://egap.in.ua/en

[80] https://egap.in.ua/en/projects/national-budget

[81] Kozak, M. (2019). Growing Support for Participatory Budgets in Ukraine. https://www.obserwatorfinansowy.pl/in-english/macroeconomics/growing-support-for-participatory-budgets-in-ukraine

[82] OECD (2018). Maintaining the Momentum of Decentralisation in Ukraine, OECD Multi-level Governance Studies, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/9789264301436-en

[83] https://www.minregion.gov.ua/press/news/minregion-uryad-zatverdyv-perelik-investyczijnyh-program-ta-proektiv-shho-mozhut-finansuvatys-z-dfrr-u-2020-roczi

[84] Expenditures of the Ukraine State Budget for 2020 amount to UAH 1,180,100,000,000 (about USD 42,000,000,000), https://www.mof.gov.ua/en/news/prezident_pidpisav_derzhbiudzhet_na_2020_rik-1935

[85] https://zakon.rada.gov.ua/laws/show/196-2015-%D0%BF#n11

from local budgets of at least 10 percent; (iv) ability to provide further own financing or maintenance at the local budgets expenditure; (v) total estimated cost of construction projects is over UAH 5,000,000 (USD 176,000), for other projects, more than UAH 1,000,000 (USD 35,000). Citizens over 18 years, public and scientific organizations, and local governments can submit projects for the voting. Projects win if they get more than 30% of total votes in the relevant oblast. A relevant oblast administration establishes rules for the project submission and selection. For example, Poltavska oblast (in which Kremenchuk city's project won) established that in the voting process each person can vote for not more than two projects. Then the local government in which territory the project should be implemented analyses the project and submits its conclusion to the regional commission created for the selection of the projects within the SFRD. Next the regional commission analyses relevant projects, selects and approves the list of projects-winners. At the selection stage each member of the regional commission evaluates projects with more than 30% votes according to the established criteria (proportion of the community population affected by the project, innovativeness of the project, level of co-financing from local budgets etc.) Projects-winners are those which got the most votes. Voting is followed by submitting project winners by the regional commission to the Ministry for Communities and Territories Development which in turn submits them to the Cabinet with the rest of the projects which are financed through the SFRD. In 2020 the Cabinet has already allocated almost UAH 13,000,000 (USD 460,000) of the SFRD for the Kremenchuk city[86] on a project "Creation of a safe environment for the Kremenchuk community - introduction of modern information technologies."[87]

Uzbekistan

A resolution of the Uzbekistan President, dated August 22, 2018, called for transparency of public finances and wider involvement of citizens in the budgetary process. Amendments have been approved to the legislation allowing the implementation of PB. Since 2019, according to the Law on the State Budget, citizens of Uzbekistan can make proposals on budget expenditure. Article 20 states that "khokimiyats of districts and cities direct at least 10 % of additional sources of budgets of districts and cities to finance activities formed on the basis of public opinion."[88] Additional sources of the state budget are formed separately at each level of the state budgets according to article 119 of the Budget Code. Information on additional sources is to be placed on websites of khokimiyats. The MoF of Uzbekistan publishes a quarterly breakdown table on the open budget portal.[89] Information presented includes expenditure by areas stating the 10% limit on funds, the number of citizens' votes required, and specific types of expenditure.

In Tashkent, for example, the total amount of additional revenues was SUM 33,900,000,000 (USD 3,236,657),[90] for the second quarter of 2020 the amount of SUM 2,648,772,952 (USD 253,153) was allocated in total in Tashkent on the proposals approved by the citizens' online vote. In comparison, the executed budget of Tashkent for the same period was SUM 2,304,000,000,000 (USD 219,978,086).[91] The budget expenditure of Tashkent, approved by the Budget Law for the year 2020, was SUM 3,556,100,000,000 (USD 339,524,337).[92] These sums are allocated through districts, and, for example, in the third quarter of 2020 in Chilanzar district of Tashkent citizens voted for an amount of SUM 373,000,000 (USD 35,649). The amount for citizens' priorities in the third quarter of 2020 in Kurgantepa district of Andijan region was SUM 239,100,000 (USD 22,852). Electronic voting takes place quarterly in all districts of cities and regions of the republic. In addition, public discussions are held in citizens' gatherings in each district on priorities for spending budget funds of local budgets; online training events are held to explain to people the essence of PB; field meetings with deputies and responsible officials from ministries are held to monitor the implementation of programs and funds. In each regional center of Uzbekistan, social facilities have been repaired or re-built at the expense of the PB funds, and various public events are held.

[86] https://www.kmu.gov.ua/npas/pro-vnesennya-zmin-do-pereliku-inves-a543r

[87] http://dfrr.minregion.gov.ua/Project-annotation?PROJT=25744

[88] Article 20. Use of additional sources of the republican budget of the Republic of Karakalpakstan, regional budgets of regions and the city budget of the city of Tashkent, budgets of districts and cities, https://www.lex.uz/docs/4635018 . Additional sources are determined in the Budget Code, article 119 https://lex.uz/docs/2304140

[89] https://openbudget.uz/#/participatory-budgeting

[90] https://openbudget.uz/#/participatory-budgeting/

[91] https://data.gov.uz/ru/datasets/12414. Additional sources from the budgets of regions and cities is value, recalculated on a quarterly basis, thus, the calculation of percentage of funds allocated for expenditures (projects) that citizens vote for from the executed budget for the same period or the budget plan are values that are not completely interrelated.

[92] https://www.lex.uz/docs/4635018#4637013

SECTION 3

METHODS FOR MINISTRIES OF FINANCE TO INTRODUCE AND SCALE UP PARTICIPATORY BUDGETING

The practical mechanisms covered in Section III are structured around the design and implementation of a pilot PB program and the menu of optional policy instruments to support design and implementation. Section III describes how a project approach should be applied to a pilot PB program implementation in countries where PB has not been practiced fully yet. Application of the project approach to a PB pilot program means to describe why to implement PB (goals setting), formulate key success criteria, conduct a risk analysis, define how to achieve goals (e.g., which PB model to apply), and describe roles of the key participants. Design of a PB model at the national level would be based on the same structure. An ecosystem approach to the social innovations is applied to facilitate broader PB adoption and arrange scaling up of a PB model, which has been contextualized and adapted to the specific needs and conditions of the country after a pilot PB program was implemented, evaluated, and analyzed. Finally, practical recommendations on the mechanisms and steps for the national MoFs to operationalize PB and establish institutional frameworks for PB development are presented in this section.

Government's Rationale for Implementation

PB creates opportunities for a number of direct and indirect benefits if executed well.[93] The benefits may include: (i) achieves effectiveness in the delivery of public services; (ii) increases transparency and accountability; (iii) improves credibility and profile of government among citizens; (iv) improves community cohesion, understanding, and trust; (v) matches priorities to available resources and budgets; (vi) enhances effectiveness of revenue collection; (vii) prioritizes citizens' demands and eventually integrates them into approved government investment plans; (viii) distributes resources to the poorest and most vulnerable more fairly; (ix) narrows the space for corruption and inefficient use or squandering of public funds; (x) gives citizens the opportunity to truly take part in the decision-making process.

The different levels of governments may have distinct incentives for promoting PB. The national level government may put first the goals to increase transparency, accountability, and public finance efficiency. Regional governments may want to contribute to community cohesion, build understanding and trust. Local governments, in turn, may be guided by expected outcome to match priorities to available resources and budget limitations or wish to enhance effectiveness of revenue collection. In some cases, local governments may be incentivized by the transfers and grants, earmarked for PB, from higher government levels. The benefits described above are not instantaneous or inevitable. To ensure success, the key success criteria, implementation risks, and mitigation strategies require particular attention.

Key Success Criteria

At its simplest, a **PB program can be termed successful when the expected benefits are achieved through the introduction of PB into the budget process**. Citizens and other stakeholders may have their own expectations from the PB process. To ensure their engagement in PB these expectations should be reflected in the goals and key success criteria. Therefore, their participation from the very beginning will ensure the community demands are met. A PB program's key success criteria document can be prepared during the launch stage and be revised after the completion of the pilot PB process(es). This document may be of use to governments to keep track of the direct and indirect benefits of the separate PB pilots and overall policies towards PB development.

Benjamin Goldfrank suggested the three key success criteria for PB: (i) participation rate (the number of individuals participating and the number of organizations participating through representatives); (ii) level of expansion/redistribution of public services; (iii) transparency. Goldfrank concluded that there is "some support for the assertion that outcomes tend to be better

[93] UN-HABITAT (2004). 72 Frequently Asked Questions about Participatory Budgeting. Urban Governance Toolkit Series, https://unhabitat.org/72-frequently-asked-questions-about-participatory-budgeting; Wampler, B. (2000). A Guide to Participatory Budgeting. International Budget Partnership, https://www.internationalbudget.org/wp-content/uploads/A-Guide-to-Participatory-Budgets.pdf; World Bank (2007). Participatory Budgeting. Shah, A. (ed.) Public Sector Governance and Accountability. Washington, DC: World Bank, http://hdl.handle.net/10986/6640

where PB is less formalized and more deliberative ... where the structures were less formal, participants had more decision-making power, participation rates were higher, policies were more redistributive, and government was more transparent."[94]

The Glasgow's Participatory Budgeting Evaluation Toolkit[95] presented criteria, helpful to design the appropriate formula and scale of the PB program. This PB Evaluation Toolkit was produced by practitioners in Glasgow's PB Evaluation Group, and reflects the key dimensions of the PB activity that PB leaders may want to consider:

a. What do we want to achieve? (Aim)

b. How good is our leadership and governance of the PB activity? (Planning)

c. How good is our delivery of key processes? (Process)

d. What key outcomes have we achieved? (Impact)

It offers a "pick and mix" approach so that PB organizers can select what should be evaluated depending on the size and scale of the PB activity they are leading.

The Participatory Budgeting Manual, developed by the World Bank for county governments in Kenya, proposes 10 steps for PB self-evaluation[96] to help PB practitioners record evidence of PB benefits and outcomes. It is structured around the main PB stages and activities and can be additionally considered for PB program planning.

a. Agree on outcomes before you start: What does success look like for us?

b. Establish your baseline: What are the current conditions on the ground?

c. Regularly gather feedback: Has a budget been spent and projects proceeding to plan?

d. Ask participants what they felt: How do citizens feel about their involvement?

e. Keep track of the numbers: Is spending efficient and going to the right place?

f. Use films and other media to tell the story: Can we communicate using different channels?

g. Hold a stakeholder reflection event: How will we know how we need to change the process?

h. Follow what happens next: Over time, can we measure outcomes linked to PB?

i. Use external experts as critical friends: Is there the need for external audit or support?

j. Share your learning! Can we ensure opinion leaders and power holders hear the benefits?

The researchers from North America have designed 15 key metrics for the evaluation of PB based on the experiences of local evaluators and the advice of the North American Participatory Budgeting Research Board, along with input from the nonprofit Participatory Budgeting Project (see Box 3). These 15 key metrics specify data points about PB implementation, participation and winning projects that are important for better understanding the current state of PB, tracking its immediate outputs, and clarifying its potential long-term impacts. They focus on the areas of (i) civic and political life; (ii) inclusion and equity; and (iii) transformations of government.

Recent PB study in Poland provided useful criteria describing the effort that local authorities devoted to PB:[97] (i) the percentage of funds allocated to PB in total budgetary expenditures; (ii) the amount of funds allocated in PB per inhabitant of the municipality (territorial unit where PB practiced); (iv) the number of submitted projects per 1,000 inhabitants of an area, and (v) the percentage of inhabitants who voted for the projects in PB. The last two variables refer to the attitude that inhabitants of rural areas have towards PB.

[94] Goldfrank, B. (2007) Lessons from Latin America's Experience with Participatory Budgeting. In Participatory Budgeting. Shah, A. (ed.) Public Sector Governance and Accountability. Washington, DC: World Bank. P.114. http://hdl.handle.net/10986/6640

[95] http://whatworksscotland.ac.uk/wp-content/uploads/2017/06/ParticipatoryBudgetingEvaluationToolkit.pdf

[96] World Bank (2018). Participatory Budgeting Manual for County Governments in Kenya. World Bank Kenya, Participatory Budgeting Initiative. P.47, http://documents1.worldbank. In these recommendations authors base on the 10 step Participatory Budgeting Self-Evaluation Toolkit, https://pbnetwork.org.uk/wp-content/uploads/2016/02/PBunit-self-evaluation-Toolkit.pdf, designed by the UK PB Network, in association with PB Partners, a UK based NGO

[97] Leśniewska-Napierała, K., Napierała, T. (2020) Participatory Budgeting: Creator or Creation of a Better Place? Evidence from Rural Poland. Bulletin of Geography. Socio-economic Series. Volume 48: Issue 48. Published online: 23 Jun 2020 DOI: https://doi.org/10.2478/bog-2020-0014

Box 3. Key Participatory Budgeting Metrics for Evaluation

- **Impact on Civic and Political Life**
  1. Number of PB participants and percentage of eligible residents who participate.
  2. Number and percentage of PB voters who are eligible to vote but did not vote in the most recent local election.
  3. Number and percentage of PB voters who are ineligible to vote in local elections.
  4. Number and percentage of participants who report prior civic engagement or participation.
  5. Number and percentage of participants who report being new or returning to PB.
  6. Number of nongovernmental and community-based organizations involved in PB.
  7. Number and percentage of elected officials re-elected.
- **Impact on Inclusion and Equity**
  1. Number and percentage of participants who are of low socio-economic status and/or people of color; and relative to demographics in jurisdiction and in most recent local election.
  2. Accessibility indicators for idea collection phase, project development phase and voting.
  3. Allocation of PB funds by project type (to be compared with the allocation of comparable funds prior to PB).
- **Impact on Government**
  1. Number of new, continued and discontinued PB processes from year to year.
  2. Amount and percentage of funds allocated to PB projects.
  3. Project completion rates and final project costs.
  4. Amount of additional money allocated to projects and needs identified through PB.
  5. Dollar amount spent on PB implementation.

Source: 15 Key Metrics for Evaluating PB. Participatory Budgeting Project, https://www.participatorybudgeting.org/15-key-metrics-for-evaluating-pb/

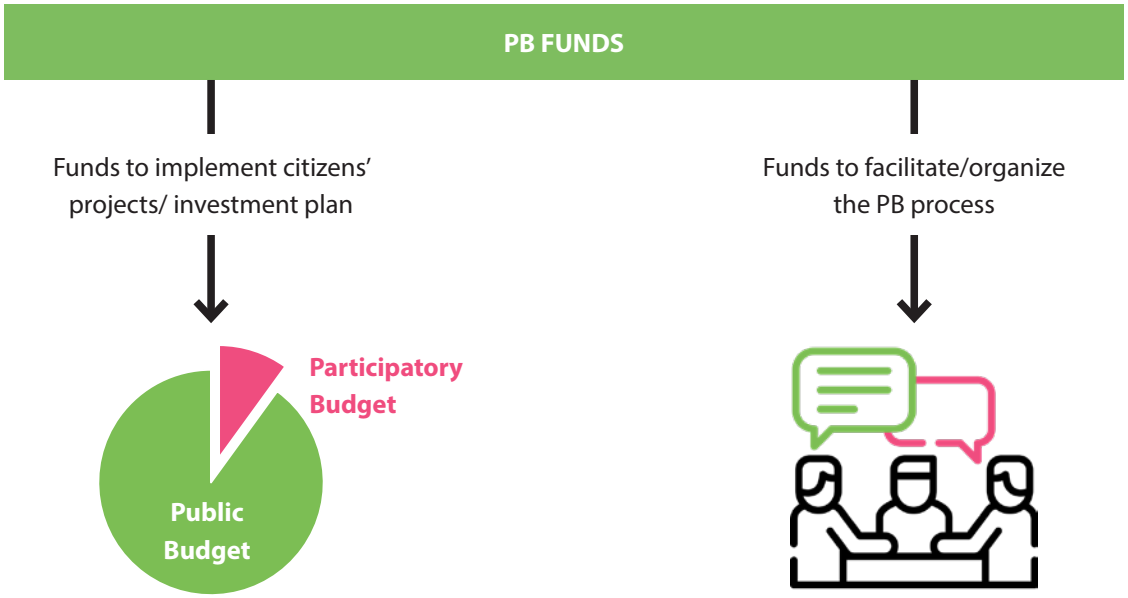
Preconditions for Success

Two essential preconditions for PB success must be met: sufficient, sustained political will and sufficient available financial resources. "Greater government support contributes to greater PB impact and there is a direct relationship between resources available for allocation through PB and its impact."[98]

The financial structure of the PB practice should include both the investment that citizens will direct (quantum of the government's funds placed for consideration in PB) and the resources to enable the process (funds to facilitate and organize PB). The amount governments may allocate to the organization will influence the scope of activities and its success (see Figure 2). Typically, the "participatory budget" is not separated from the public budget. The "participatory budget" is a part of the general budget. Thus, the powers and responsibilities of the authorities in the field of the general budget also apply to its participatory part.

[98] Wampler, B.et al (2018). The Global Spread and Transformation of Participatory Budgeting. In Dias, N., ed. Hope for Democracy 30 Years of Participatory Budgeting Worldwide. Epopeia Records, Oficina. P.68, https://www.oficina.org.pt/hopefordemocracy.html

Figure 2. Participatory Budgeting Financial Structure



- There is no prescribed optimal percentage of the public budget that should be subjected to PB and these may range from as low as 1% to 100% participation. No amount is too small for PB
- PB has been typically used to allocate funds for infrastructure like health centers, schools and day-care centers, roads, water, sewerage, housing, recreation facilities; basic services such as for health, education, transportation, social assistance; and social issues such as pro-poor programs, gender equity etc.

- These resources come from the public budget, and can be supplemented with voluntary co-funding from private sector, citizens, donors, and in kind contributions, or come through smart public private partnership
- The source of the PB fund (such as donors, subsidies from the upper budget, equalization funds, etc.) may imply particular rules that flow from those budgets

The UK Involve Foundation suggests that PB facilitation costs are relatively high:[99] (i) the process of citizen involvement in budgets is costly; (ii) PB is often undertaken to increase efficiency in the budget and thus save money; (iii) setting up a larger territorial entity infrastructure of public forums and meetings requires a large investment of money and staff time; (iv) processes run at the local level can be cheaper but still require substantial commitment to work.

Risks and Mitigation

The main risks to successful implementation of PB programs are set forth in Table 1. These risks should be actively addressed in an effort to mitigate them.

[99] https://www.involve.org.uk/resources/methods/participatory-budgeting

Table 1. Participatory Budgeting Risks and Mitigation

Risk	Mitigation
1. The risk of failure of meaningful engagement in PB including wide public discussion and vote. Citizens may not wish to fully engage if they view PB just as another information or consultation exercise. PB is cooperation: rules are advisable to be made collaboratively with citizens, CSOs and other community-based organizations. In addition, partnerships contribute to more effective arrangements.	Inform citizens widely on what PB is and what outcomes government expects to achieve. Establish clear mechanism for providing further feedback to the citizens on their projects' implementation. The PB Principles in Portugal is the useful framework to mitigate this risk (see Box 4). In terms of PB goals, it will be important to properly arrange the resource organization of the PB process. Substantial and meaningful PB is resource intensive and inadequate resourcing risks not only failing to achieve benefits, but also generating negative outcomes, like disillusionment.
2. The risk that PB practice does not successfully involve vulnerable groups and thus does not represent the diverse view of all inhabitants of the community. The capacity of the vulnerable citizens, especially the marginalized groups, to contribute meaningfully to complex discussions around the budget and its technicalities could be questionable. There is a general skepticism regarding mass planning processes. Although the capture of participatory processes by the most vocal and better organized constituencies is a big risk. This reinforces social exclusion and does not reflect the voices and priorities of vulnerable groups.	The elements of the PB models as well as the way citizens get integrated into the decision must be explicitly designed to support the wide access. In case of strong CSOs exist, partnerships between governments and these CSOs or networks of social movements, community organizations, or other voluntary associations will help make PB more inclusive.
3. The risk that costs are too high in relation to the actual benefits, i.e., improvement in public services. Implementing a PB is quite complex and costly. It requires a lot of communications, collaboration, resources and time to engage, build capacity, motivate, technical expertise of the proposals. And in the end the PB process leads to a small number of small projects that may not have been completed within the budget cycle calendar, therefore the benefits at this stage may not be obvious.	Set modest goals and pilot with a simpler type of PB until the benefits are realized and actual improvement in public services are seen.
4. The risk that expectations are created among citizens that cannot be met. One of the key success factors to any PB process is having sufficient resources to not only make the project flow smoothly, but also be able to invest the funds that were promised.	Do not start PB and let citizens decide on the project proposals if the government is not able to invest on them. Honest and transparent communication with citizens about the impact they will be able to make does not get their hopes up. Ensure that people are aware of the true nature of the PB program and be honest about the impact their participation can truly have. Citizens need to see that PB is worth the effort.

Risk	Mitigation
5. The risk of tension between legislature members and the opinion leaders. Legislature members may feel constrained in their role as the primary decision-makers.	Encourage dialogue and institutionalize key PB principles
6. The risk that with the change of government the PB practice may be stopped due to unwillingness of the new government. The "participatory budget" is a part of the "general" budget. Adoption of the budget is the exclusive competence of the legislature. In countries where is no legislation on PB, it is dependent on the will of both power branches.	Institutionalize PB

Clarity and transparency are vital to mitigate all mentioned risks. Timely, accessible, and easy to understand information on budget expenditure, about relevant ongoing and implemented projects should be disseminated as much as possible. To ensure the refining or shortlisting process is trusted it is important that the eligibility criteria to proposals set at the initial stage and are clear to the citizens. All the processes, in particular voting for the "participatory budget", should be transparent to build trust between all parties. (More information about transparency and participation is in the "High-Level Principles on Fiscal Transparency, Participation & Accountability" of the Global Initiative for Fiscal Transparency.[100])

Box 4. The Portugal Charter of Quality for Participatory Budgeting[101]

A Participatory Budgeting process should ensure the following principles:

1. **Public Regulation:** Must have regulation mechanisms to allow an independent evaluation of the participatory process as a whole, ensuring transparency and accountability. Those mechanisms must have an evolutionary character ensuring a continuous improvement.
2. **Deliberative and Binding Character:** Must be deliberative giving the citizens the effective power to submit proposals and decide through vote, the projects that the municipality will implement. The municipality will commit to respect and implement the citizens' decision.
3. **Continuity:** The process must be continuous and uninterrupted in such a way that Article 2 of the Constitution of the Republic of Portugal can be accomplished, aiming to contribute to the deepening of participatory democracy as an end to a State of Democratic Right.
4. **Social Dialogue:** It must foster universal and close participation of citizens at all stages of the process, in a clear, transparent and inclusive way, always favoring the sharing and debate of opinions and aiming to rebuild the sense of community.

[100] http://www.fiscaltransparency.net/ft_principles/

[101] Over the past decade Portugal has become the leading country experimenting with PB in terms of scale and results: it has the highest percentage of municipalities voluntary practicing PB, and PB at national level, thus Portugal has accumulated vast experience of best practices. The adequate level of generalizing in the Principles allows applying them to the different levels and environment.

5. **Transparency and Accountability:** It must ensure clear and simple information on all stages and ensure accountability for the whole process, preferably using a dedicated e-portal and/or other mechanisms facilitating universal access.
6. **Equal Access:** It must ensure universal access by citizens to the process, in compliance with Article 13 of the Constitution of the Republic of Portugal, which guarantees the principle of equality among all citizens, without distinction of any kind.
7. **Financial Expression:** It must have a prior and duly publicized definition of the amount allocated by the municipality to support investments with a certain impact on a community.
8. **Execution:** The execution phase of the projects must be publicized in a dedicated regulatory document of the PB process and properly delimited in time. The winning projects must be implemented respecting the original concept and be accompanied by the proponents and, where appropriate, by the community that will receive them. The service or entity responsible for the execution of each project must be defined and published.
9. **Education for Citizenship:** It must be integrated into a broader Education for Citizenship strategy involving all stakeholders - politicians, technicians and citizens. At the same time, be seen as an investment by the local authority in its internal capacity building and in strengthening the role of civil society.
10. **Technical and Political Support:** PB demands a clear political commitment, a permanent and qualified technical involvement and must be coordinated across the organization.
11. **Transforming Process:** Constitutes a transformative practice of the relationship between politicians, technicians and citizens, rebuilding the spaces of dialogue and strengthening trust between the Administration and Society.
12. **Monitoring and Evaluation:** PB requires a system of monitoring and evaluation of the process and the results, which allows understanding the path taken and the improvements to be introduced. Monitoring and evaluation should involve all parties - political, technical and citizenship. It is desirable to involve an independent and external evaluation to the sponsoring entity.
13. **Articulation and Integration:** It must be part of a broader strategy to promote citizen participation, which includes other tools for interaction between society and the municipality.

Source: The Portuguese Network of Participatory Municipalities http://portugalparticipa.pt/upload_folder/table_data/97196eb8-fb0b-425f-abb6-0f98debf9bdb/files/2017_CARTA_QUALIDADE_ENG.PDF

Systematization of Different Participatory Budgeting Models

There is no one single model for the PB process. The spread of PB worldwide has introduced many different hybrid PB models. The models can be roughly classified based on the following eight criteria: (1) primary government's incentives; (2) the level of government; (3) CSOs involvement; (4) the form of citizens' participation in the PB process; (5) the stage of the budget process; (6) financial resources designated to PB; (7) institutionalization by law; (8) use of internet and digital technology. Often a lot of goals are set in the hope of getting all the benefits from PB, so the division by intent is quite conditional (see country examples in Table 2).

Table 2. Participatory Budgeting Country Examples for Different Models

Model Options	Examples
1. Primary government's incentive	
a. To mitigate citizenry disaffection towards political institutions and create trust with citizens in the post-crisis period or similar circumstances (create trust with citizens)	Portugal, USA – Chicago; Iceland, Madagascar, Dominican Republic
b. To support the decentralization process and public administration reform, strengthening the capacity of local governments to deliver services and ensure development at local level (decentralization reforms)	India, Indonesia, the Philippines, countries at the African continent; In South Korea PB's requirement by law is linked to the reform of decentralization and the strengthening of CSOs.
c. To improve public services and targeting of public resources to the poor, vulnerable and underrepresented groups (social inclusion)	In most of the Latin American countries PB was initiated with the primary intention to prioritize spending in marginalized communities; the North American PBs
d. To improve access and quality of local socioeconomic infrastructure and services and obtain social, economic and institutional achievements (good governance).	Russia's PB, based on the LISP,[102] aims to improve access and quality of local socioeconomic infrastructure and services, to improve the communication between citizens and local authorities; UK adopted PB within the framework of the Neighborhood Renewal Program, a national strategy aiming at the social, economic and political development of the poorest areas in the country
2. Level of government	
a. At local level (in most countries, local government plays an especially important role. It may handle issues like education, infrastructure, social welfare, waste and water management. In decentralized countries essential governance matters fall under the authority of the local governments. PB at the local level is the most clear and simple process)	Most of the PB practices in the world are at the local level
b. At regional level (the regional government may have significant powers in key sectors like education, the environment, economic development, public transport and regional planning)	Region de Los Rios, Chile; Rio Grande do Sul in Brazil; Kerala, India; Poitou Charentes Region, France (PB for high schools); Podlaskie Voivodeship in Poland; Sakhalin, Russia (regional coordination of the processes); Lazio Region, Italy (co-funding the local projects, based on PB)

[102] See more about the LISP in the "Initiative Budget Operations Operating Guide: Example of a Local Initiatives Support Program", https://yadi.sk/i/RuUWrohdWw523g

Model Options	Examples
c. At national level (nation-states play dominant role in setting public policy and managing public resources. In the relatively centralized countries national governments execute many powers which may directly influence the life of citizens. The significant amount of budget expenditure for education, health, and public works (roads, sewers, and utilities) remains the responsibility of the national government. Citizens thus may bring innovation into the national-driven projects or other policy decisions within the areas under the authority of the national government through proposals they may submit through the PB process at national level.	Portugal, South Korea
3. CSOs involvement	
a. Not any particular status for CSOs in the process – act as citizens	The Brazilian PB model governments incorporated citizens directly in a more informal design
b. Particular involvement of CSOs with a role	The more regulated designs than the first PB experiments, such as those implemented in Bolivia, Nicaragua, and Peru, focus to include the preexisting CSOs
4. Form of citizens' participation in the PB process	
a. "Direct participation PB Model" (direct deliberation, direct final vote). A typical Porto Alegre model spread throughout the world included a final "Citizen assembly" and voting stage. Now with the spread of digital technology, which enables wider citizen participation through online forums the citizen assemblies become less practiced	Uruguay; Argentina
b. "Representative participation PB Model" (deliberation, shortlisting of proposals and decision made by the Citizen's council through vote or consensus building)	Indonesia; Germany; African PBs (Kenya, Mozambique, Uganda, Senegal); Peru
c. "Mixed participation PB Model" (representative deliberation and shortlisting of proposals or direct deliberation, selecting delegates to represent citizens in the process of refining projects, direct final vote)	Brazil; South Korea; Portugal
5. Stage of the budget process (see Figure 3)	
a. Significant role of the citizens from PB launch to completion of the citizens' projects (all stages of the budget process: budget formulation, budget approval, budget implementation and oversight)	Portugal; Scotland; African PBs, South Africa, in particular, where civil society plays a significant role in the budget process
b. Citizens identify priorities, propose projects and decide for which projects to implement (stages of budget formulation and budget approval)	UK; USA; Canada

Model Options	Examples
c. Citizens decide on priorities of budget (most likely investment) expenditure (only budget formulation)	In the Spanish capitol, Madrid, citizens can electronically identify priorities for local investments and cast a digital vote; same practice is in some municipalities of La Coruna and Barcelona.
6. On financial resources designated	
a. Small percentage (0.5-5%)	Majority of PBs allow citizens to decide on a small part around 1%; in Chile, the percentages allocated to PB do not exceed, on average, 3% of the total municipal budget; in Paris residents decide on the use of 5% of the city's investment budget (2014-2020).
b. Significant percentage	In Cotacachi, Ecuador, 58% of the city's budget was under citizens discussion; Bogota, Columbia, directed from 7 to 60% (Participa y Decide! Program)
c. Total public budget	In Switzerland the law requires the direct citizen's vote for all public budget expenditure over CHF 7 million (equivalent to appr. USD 7,7 mln) in Swiss municipalities (see Box 5); In Mundo Novo, a small Brazilian municipality n (15,669 inhabitants), and in Campinas, Brazilian technological center (969,396 inhabitants), citizens decided on the 100% of the city budget
7. On institutionalization by law	
a. Mandated by Law	Peru, Bolivia, Dominican Republic; South Korea; Poland, Russia
b. Not mandated. Implemented within the general regulations	Most of the countries: Brazil, Colombia, Ecuador, Argentina, Spain, USA, UK
8. Use of internet and digital technology	
a. Fully offline PB practice	Moldova; most of small/medium towns in Italy; Cananea, Mexico.
b. Fully online PB practice (Online PB significantly increases the number and diversity of participants if people are digitally literate and have access to the internet, however, fully online PB should consider if any groups like marginalized are not restricted.)	"Better Reykjavik",[103] Reykjavik, Iceland; "Decide Madrid", Madrid, Spain; Belo Horizonte, Brazil; Cologne, Germany
c. Mix of both approaches	Most of PBs today

[103] http://www.citizens.is/portfolio/better-reykjavik-connects-citizens-and-administration-all-year-round

Participatory Budgeting Put into Practice: The Six-Step Cycle

PB is a continuous process with yearly cycles. The specific characteristics of a PB cycle might differ from one country to another and even from one locality to another. For example, the number or the sequence of activities, or terminology might vary. The most successful PB process in general is built around the normal budgetary cycle and consists of six steps as summarized below in Figure 3.[104]

The government's role is decisive in each stage, from determining the priorities to the implementation of decisions. For the most part, it is the government which plays the leading role in the organization of a PB program. The national and regional government may lead the PB program through the authorized body, i.e., the national or the subnational MoF, department, or agency. Sometimes it is a partnership-based project in which a CSO may be the driving force, albeit with a decisive role from the government. The group of citizens, the CSO or other community-based organization, political party or the legislature may act as the initiator for launching the PB program and become an active participant in the PB organization or a partner to the government. Figure 3 illustrates the six-step process based on a consolidated model, which is flexible and could be tailored to a country context. The PB cycle is arranged around and within the timeline of the public budget cycle. A brief description of each stage is also included in the figure.

STEP 1. Preparation and Design (For the pilot project government plays a key role at piloting stage. For the next rounds, a steering committee that represents a community may have the lead):

a. Conduct a situational and stakeholder analysis;

b. Convene a public meeting where citizens express their thoughts and needs, discuss priority problems of their territorial entity.[105] This initial meeting forms a list of problems that exist in the territorial entity and assesses the feasibility of their implementation within the framework of existing legislation and budget opportunities;

c. Decide on the portion of the public budget to be allocated;

d. Agree on and set guiding principles of the PB process[106] and the model, create rules and engagement plan (CSOs can sometimes play a role in facilitating this process);

e. Set a timetable of all the events as well as the resources needed;

STEP 2. Engaging Community and Building Capacity:

a. Inform about PB program, explain main principles and current rules. Relevant, timely, and reliable information on the budget is crucial for the PB success;

b. Accompany the PB information campaign with civic education if needed related to budget literacy. Citizens should have the basic skills to understand the budget process, roles and regulations, authorities of this level of government and proposed PB design;

c. Hold public meetings giving space for citizens to express and debate their demands and budget priorities for public service delivery. Use the meetings to elect citizens' delegates to interact more closely with authorities for budget formulation (optional).

STEP 3. Proposing Projects and Review:

a. Citizens develop their proposals and present them to the government (see, for example, £eith Chooses 2020-2021. Local Money for Local Projects. Application Form[107]);

b. Government and citizen delegates or the steering committee technically review proposals: pool together similar projects, reject inappropriate (typically, the eligibility criteria to proposals set at the initial stage include this option)

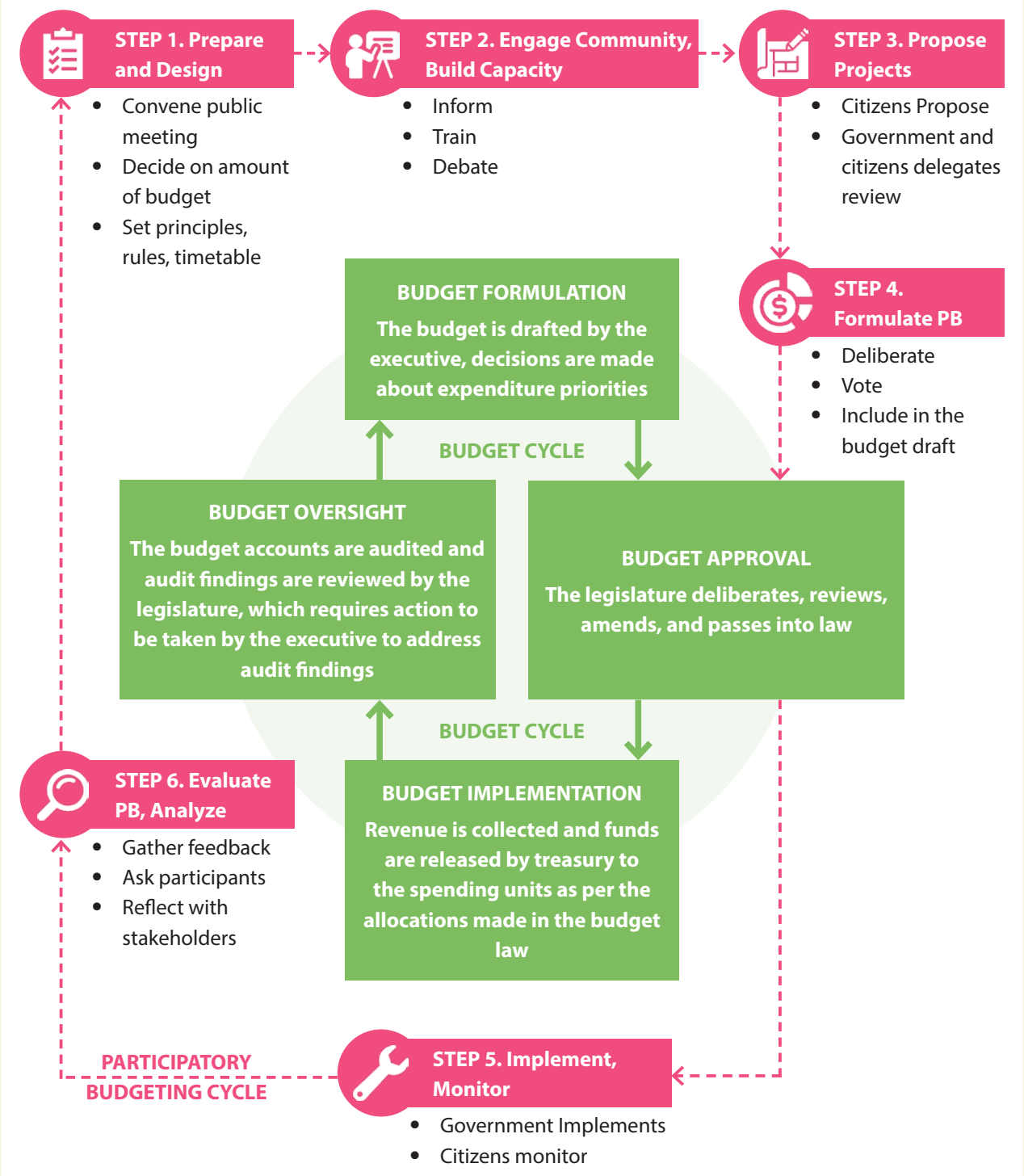
[104] Based on UN-HABITAT (2004). 72 Frequently Asked Questions about Participatory Budgeting. Urban Governance Toolkit Series, https://unhabitat.org/72-frequently-asked-questions-about-participatory-budgeting; PB Unit (2010). A Toolkit for Participatory Budgeting in the UK. Second Edition, https://pbnetwork.org.uk/wp-content/uploads/2016/02/Participatory-Budgeting-Toolkit-2010.pdf; and PBP (2020). How Participatory Budgeting Works. The Participatory Budgeting Project, https://www.participatorybudgeting.org/how-pb-works

[105] Territorial entity is any municipality, settlement, district, region, province, state.

[106] See, for example, "Core principles of participatory budgeting within local authority service delivery action plan (LASDAP) in Kenya", International Budget Partnership. Budget Brief No. 20 – Toward Public Participation in the County Budget Process in Kenya: Principles and Lessons from the Former Local Authority Service Delivery Action Program (LASDAP), https://www.internationalbudget.org/publications/brief20

[107] http://www.leithchooses.net/eithchooses-2020-2021

Figure 3. Six-Step Participatory Budgeting Process



STEP 4. The PB Formulation:

a. Deliberate: conduct citizens meeting(s), forums, online discussions the proposals with or without shortlisting (in a "representative" model the PB councilors/ delegates discuss, prioritize, shortlist);

b. Citizens vote for eligible proposals that they feel will best meet the PB goals ("participatory budget");

c. Include the approved by citizens "participatory budget" into the public budget draft for the next fiscal year and final approval within the formal budget process

STEP 5. Implementation and Monitoring:

a. Projects approved through PB are implemented through a process of competitive bidding and procurement;

b. Citizens monitor the implementation. (Typically, citizens that are engaged in the PB process also participate in monitoring the implementation of the approved projects and in evaluating the corresponding public works/services);

STEP 6. Evaluation and Analysis:

a. Get feedback from participants and stakeholders about their feelings and thoughts on changing the process (document the process and consider interviews and/or questionnaires immediately after the pilot PB);

b. Assess the achievement of stated goals/success criteria through citizens' feedback about the quality of, access to and satisfaction with the services they receive from governments. One instrument to collect this information is "Citizens report cards," a participatory survey that seeks to solicit service or facility users' feedback on the facility or the performance of public services. The citizen report card involves the rating by citizens of public service providers or the facilities.[108]

Box 5. Direct Citizen's Vote for Expenditure Over CHF 7,000,000 in Swiss Municipalities

In Switzerland, in addition to the parliamentary elections, citizens can express their views up to four times a year in popular votes on specific issues. The most frequent themes are social issues (e.g., welfare, healthcare, and drug policy), public infrastructure (e.g., public transport and construction projects) and environmental issues (e.g. environment and nature protection), economics, public finances (including taxes), immigration, asylum, and education, but also about culture and media, state system, foreign affairs, and military issues – again on any of the three political levels.

Swiss Confederation consists of 26 cantons which are divided into communes. Each canton determines itself the division of responsibilities between it and the communes. The responsibilities of the communes include local planning, running the schools, social welfare and the fire service. Larger communes and cities have their own parliaments and organize their own referendums. In smaller communes, decisions are made by the citizens at communal assemblies.

As described by Mr. Daniel Schaffner, CFO and Director General of the Finance Administration of the City of Bern, in a presentation on budgeting in the City of Bern, the citizens participate in decision-making on the public budget through vote. The City of Bern is one of the communes/municipalities within the fiscal federalism system of Switzerland. All communal regulations are put into effect by vote of the population. Financial powers are separated among the population, Parliament, and the executive branch in the City of Bern, with specific rules. The public votes on global budget credits for each operation units within the annual budgets. In addition, the public votes for expenditures that pass specific value thresholds, including all expenditure over CHF 7,000,000 (equivalent to USD 7,700,000).

Approximately two months before the polling date Administration sends voters a letter containing an envelope (with the word "Ballots" on it), the ballot itself and a small booklet informing them about the proposed expenditure. Once the voter has filled out his/her ballot these are put into an anonymous return envelope provided in the package. This first anonymous envelope and a signed transmission card that identify the voter is then put into the return envelope then sent back to the municipality. The return envelope is in fact the shipping envelope with a special opening strip that allows it to be reused to send back the vote. Many voters, especially in villages and small cities, put the return envelope directly into the municipality mailbox. Others return it by post, although not having to pay the postage in some cantons.

Source: PEMPAL Network (2020), CrossCoP Executive Meeting. Berne, 29th June 2020 (Videoconference). Daniel Schaffner, CFO City of Berne. City of Berne. https://www.pempal.org/events/bcop-videoconference-pfm-system-and-performance-budgeting-city-berne

[108] Oduor, Ch., Otieno D. (2015). Participatory Budgeting, Community Score Card and Citizen Report Card Toolkit. Nairobi, Kenya. P.48, https://www.ieakenya.or.ke/featured_research/participatory-budgeting-community-score-card-and-citizen-report-card-toolkit

Design of Participatory Budgeting Initiatives at National Level

The national level PB (NPB) programs are those run by the national government, with a focus on national-level resources and authority held by the national government. It is necessary to distinguish these from programs that the national government administers with a focus on the local level and numerous examples of how the national government may support or encourage PB. There are only two well-known global cases of NPB practices: Portugal and South Korea (see Boxes 6 and 7). Despite the small portion of the budget that was decided through these mechanisms, the funded projects can be deeply meaningful to the members of the public that proposed, debated, and selected them.[109]

Box 6. Portugal Participatory Budgeting at National Level

Portugal currently holds the world record of PBs when considering the ratio between number of PBs and number of local authorities: 308 municipalities and 3092 parishes.

One of the major reasons for PB national experiment was the government's desire to create trust with citizens, particularly after years of economic struggles. When governments are faced with distrust, people often abstain from voting in elections as they feel their vote will not make a difference anyway.

In 2011-2014 the conservative coalition leading the Portugal government agreed with international lenders (IMF, European Central Bank, and European Commission) on a bailout of €78 billion and an austerity-driven agenda as a condition to this bailout. The Socialist Party, supported by the Communist Party and the Left Block, issued the NPB program aimed to recover the growing citizenry disaffection towards political institutions in these conditions of budget expenditure cuts.

Based on the good experience of more than a hundred municipalities that in Portugal had PB in 2016, the Portuguese Government launched the first worldwide national PB with three experiments at once: a general PB, one for Youths and one for Schools. Despite being relatively small this PB has already received reasonable attention in the world as the first national PB experiment.

The NPB **"Participatory Budget Portugal"** was held in 2017 for budget year 2018 and 2018 for budget year 2019. In 2019 the NPB has been suspended. Time and resources will be used to finalize implementing the 2017 and 2018 projects. NPB in Portugal is indeed small - the 2019 budget included 22 projects worth US $5,500,000, which was only 0.004 % of the total budget. These 22 projects were chosen from the 599 projects by a total of around 120,000 votes. Amongst the winners were cultural projects, such as the 35 km long educational, culture and ethnographic Great Route[110] or the book donation platform Livrar.[111] Other winning examples are initiatives in health education or education and science such as an eco-science project. The NPB process in Portugal was focused on five themes: culture, agriculture, science, education and training of adults. It also had a geographical dimension, with eight groups of proposals, targeting different territories: one - nationwide; one for each of the 5 regions of mainland Portugal; and one for each of the two autonomous regions (Azores and Madeira). These groups did not compete, since each one had its own equal financial allocation. Portugal NPB was conducted by an agency at level of the Prime Minister Office, "Agência para a Modernização Administrativa (AMA)". AMA presented the rules for the NPB, organized online communications, conducted 37 public meetings (starting in January) all over

[109] IBP (2019). Open Budget Survey 2019. P.56, https://www.internationalbudget.org/open-budget-survey/reports

[110] "Route da Arcês", https://www.antenalivre.pt

[111] https://livrar.pt

the country to explain the process and to incentivize the presentation of proposals by citizens. Proposals, each up to an amount of €300,000, were submitted until April through an electronic platform. Since May AMA helped technically in further improving and upgrading the proposals to proper projects. The process culminated in September with voting for the projects (open to everyone). In the voting phase each citizen has the right to two votes – one for regional projects and another for national projects – and may choose to vote through the portal or by SMS. The projects with more votes were included in the budget proposal.

Portugal has practiced **three Youth NPB**[112] in 2017, 2018 and 2019 for citizens between 14 and 30 years old aimed to improve the quality of democracy and its tools; foster active and informed participation of young people in decision-making processes and to reinforce education for citizenship. YPBP was applied in the whole national territory. The overall budget was of € 300,000 in 2017, and 500,000 € in 2018 and 2019. 7 projects won in 2019 from 232.

The School PB[113] was mandated by the Ministerial Order 436-A/2017 of the Minister of Education and is compulsory for public schools with primary and/or secondary school children. 90% of the schools have adopted PB. There were three cycles of the School PB: in 2017, 2018, and 2019. In 2020 it was suspended until announcement. The goals of the initiative were to create an experience through which students acquire democratic competencies by actively participating in a decision-making process; they obtain basic financial skills, practice in project development, and gain more understanding of complex school issues and needs. The government provided the additional funds to schools,, according to the number of students and only able to be used if the School PB rules are followed. This amount may be complemented by school own funds, municipal or other community contributions. All students from lower and upper secondary shall be informed, by their schools, about the initiative and supported in their will to participate. Proposals must be designed, submitted and voted by the students. Proposals shall benefit school services, equipment and/or educational activities, being a resource for the whole school community. These proposals must be endorsed by at least 5% of the students, and to be viable, considering the budget available, the existing rules and the school projects, and they shall in the referred education levels. The proposal with more votes shall be selected and implemented. At national level, the School PB is coordinated by the Institute for Financial Management of Education, in conjunction with the Directorate-General for School Establishments.

Source: Dias, N., ed. (2018). Hope for Democracy 30 Years of Participatory Budgeting Worldwide. Epopeia Records, Oficina. https://www.oficina.org.pt/hopefordemocracy.html, accessed Dec.2020

It is reasonable to design the PB program for national level and promote broader adoption after the pilot PB programs have been completed successfully. The PB program is easier to pilot in a modest and experimental way to be feasible and realistic: in small municipalities, single policy area (thematic PB), and, probably, with the support of a well-established CSO or other non-governmental institution. Focusing on smaller geographical and policy areas makes the process simpler and less resource intensive to manage. As discussed in Section II, many of the PEMPAL countries have tested PBs in different scale at the subnational level.

Generally, the PB process for national level is like the one designed for the local governments and "Framework questions to design and plan PB" (see below) are applicable to all government levels. The goals for the NPB may differ insofar as the national government is responsible for the conduct of national affairs such as defense, foreign affairs; trade, commerce and currency; and air travel; which are typically not the subject of citizens' engagement. However, social services, pensions, environment, healthcare, education, immigration, postal services and even telecommunications are of great concern and related to the well-being of the citizens.

[112] "Orçamento Participatório Portugal", https://opjovem.gov.pt

[113] #opescolas, https://opescolas.pt

Apart from the benefits mentioned above NPB may bring innovation and greater feedback to national policies. Moreover, successful NPB will encourage subnational governments to employ and sustain this practice.

The first clear way to implement PB at the national level is to establish a program that will be leveraged for the implementation of specific projects, which will be selected by citizens' decision according to PB procedure at the national level (PB projects). In countries where program-based budgeting is already in place, it can be used to develop a unified mechanism of integration citizens' decision, through including PB activities in the program framework (either at the program, or sub-program level). These could be the state programs which are a priority for citizens and most of all affect their lives.

Box 7. South Korea Participatory Budgeting at National Level "My Budget"

The South Korean national government has introduced a full scale PB program at national level in 2018 after piloting such program in 2017. **The goals** of the NPB, the Ministry of Economics and Finance (MoEF) has announced: (i) to achieve higher levels of equality in terms of participation and to incorporate diversity as a criterion for inclusion; (ii) to increase citizen's rights in terms of political participation; (iii) to improve the effectiveness and efficiency of the mechanisms of participatory democracy; (iv) to improve the quality of public decision-making through the mechanisms of participatory democracy.

The MoEF has established a **PB Division** only for managing the PB process at national level. The South Korean National PB program is based on a **Citizens' Committee** – created through random selection. It meets for discussions to shortlist submitted proposals and for presenting preference votes to the shortlisted projects. In 2018 there were 300 members of the Citizen's Committee. In 2019 the government added 150 more members to the Citizens Committee. **A total of 450 members** were invited to participate, 400 from general public, 50 from marginalized groups such as seniors, workers from farming, fishery, and forestry industries that are often underrepresented. The Citizen's Committee is meeting four times and is helped by Experts Council of 68 experts.

All citizens can propose a project online and offline, relevant to all 12 areas of the National Fiscal Management Plan. Proposed projects must be under USD 46.000, they must be new, pursue a nation-wide impact, and not subject to feasibility studies. Each relevant ministry reviews proposed ideas for their eligibility as a central government project. In case if a proposal is of great potential but lacks technical details, it is refined by the experts and the ministry. After the reviewing process, relevant ministries include a shortlist of PB proposals in their budget request to MOSF. Next, the PB Citizen's Committee, discusses the shortlist and selects projects. The government conducts preference surveys on the selected finalists, through general public survey and voting of the PB Citizen's Committee. More than **120,000 citizens** are participating in prioritization via electronic votes. After the deliberation of the Advisory Council on Fiscal Policy and the State Council, a budget draft that includes the selected PB proposals is prepared for submission to the National Assembly for final approval.

For 2020 PB competition **1,399 project** proposals were received from citizens, which resulted in 38 projects, included in the 2020 national budget worth **USD 86.1 million**, which accounted for **0.02 %** of the total budget. Out of this amount USD 46.3 million for projects dealing with contamination, public safety, employment, environment and USD 39.9 million was included for the proposals, supporting socially marginalized. In 2020, to adapt to the coronavirus context, the government changed the whole process into an online working system.

Sources: Presentation of the PB Division of the South Korea Ministry of Economy and Finance, https://www.oidp.net/docs/repo/doc636.pdf; "My Budget" website: https://www.mybudget.go.kr; 14th "Best Practice in Citizens' Participation" Award, The International Observatory on Participatory Democracy (IOPD), https://oidp.net/en/practice.php?id=1279&fbclid=IwAR1UDlkmtA7xXCclOft7Ac1ghkSS6njYba0Aqaz5tZFkiXi39jPR9PxqXww, accessed Dec.2020

Framework Questions for Design and Planning

Framework questions are a useful tool that should be addressed in the PB mechanism design and plan:[114]

a. What is the goal? Is it achievable? What are the success criteria?

b. Are there any risks to consider in relation to this goal?

c. What underlying values or principles are going to be important?

d. What is the type of budget and how much will be allocated to the PB process and to projects?

e. What is the decision-making process (to ensure that citizens' decisions are upheld)?

f. How will citizens vote (online, via SMS system, through ballots or mixed)?

g. What information, when, and how should it be delivered to the citizens to ensure informed deliberation and decision making?

h. How will technical expertise of the citizens proposals be arranged, will there be shortlisting, and on which criteria?

i. Is there a need for civic education, do moderators/facilitators/delegates (if any) need to be trained, what resources and arrangements are needed for this?

j. Who will facilitate the process?

k. Who will engage the citizens?

l. Where and when will public meetings be held? How many people are expected to participate?

m. How will the social inclusion, intergenerational, and gender representation be ensured? How will those with special needs (i.e., with a physical disability) participate?

n. How will citizens or their groups participate in projects implementation and/or monitoring?

o. How will feedback from participants and stakeholders be organized?

Scaling up the Participatory Budgeting Model

The "ecosystem approach" is proposed for developing a country strategy of scaling up the PB model, which has been contextualized and adapted to the specific needs and conditions of the country. It is a biological metaphor used in economic and governance studies, applied to innovations diffusion due to the association of ecosystems with sustainability, with a primary motivation to exploit self-organizing properties of natural ecosystems. Recently it has been utilized, notably, by the OECD, as a theoretical approach to scaling up the social innovations.[115] See Figure 4.

Social innovations are arguably more heterogeneous compared to business innovations; as a result it is hardly possible to jump from the scalable PB model to wide-scale replication, as in business. Scaling up of a PB practice is reasonable after a pilot program was implemented, evaluated and analyzed. If the use of the PB model has led to success without additional resources, the innovation is more likely to be rapidly scaled. The ecosystem approach provides a systematic structure, useful to summarize practical mechanisms about how ministries of finance can encourage and facilitate PB development through context-sensitive scaling of the PB model. This framework is presented in the following Table 3 "Framework for Scaling up the Participatory Budgeting Model."

[114] Blakey, H., Jackson R. (2016). Participatory Budgeting Self-Evaluation Toolkit. The PB Network, https://pbnetwork.org.uk/wp-content/uploads/2016/02/PBunit-self-evaluation-Toolkit.pdf; Williams E.et al (2017). Participatory Budgeting: An Evidence Review. Public Policy Institute for Wales, https://www.oidp.net/docs/repo/doc215.pdf, World Bank (2018). Participatory Budgeting Manual. For County Governments in Kenya. World Bank Kenya Participatory Budgeting Initiative, http://documents1.worldbank.org

[115] OECD (2016). Social Innovation Policy Framework for Croatia. Policy Handbook. OECD South East Europe Regional Programme, https://www.oecd.org/

Figure 4. Ecosystem Approach to Social Innovations

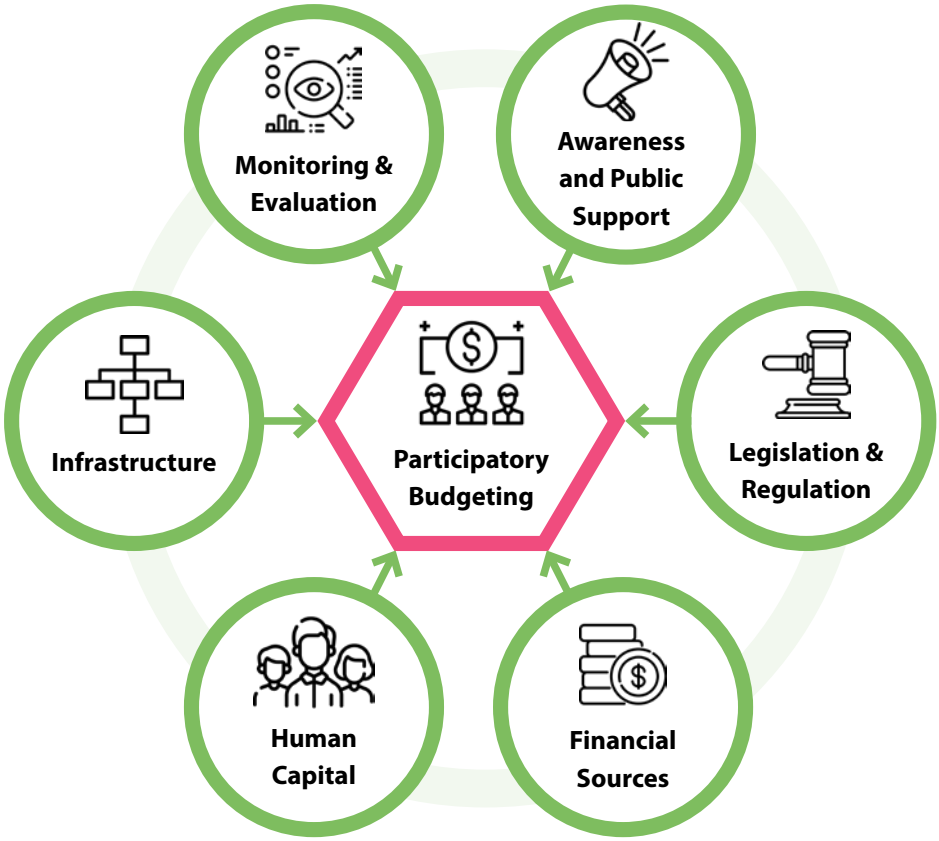


Table 3. Framework for Scaling Up the Participatory Budgeting Model

Setup	Country Example
1. Awareness and Public Support	
Building awareness is a familiar and important component of any social innovations for scaling up, it rests on social or "social change" marketing and employ known communication strategies. Pay special attention to focus on: community leaders and other influential individuals, like people known for service to the community, citizens with high levels of community credibility, media representatives, policymakers, opinion leaders, professionals.	
Optional components of building awareness area: • Develop a nation-wide PB awareness-raising strategy at the very early stage of PB launch • Coordinate strategic communication and public outreach • Keep updated the Internet portal, established as part of PB infrastructure	Most of the known PB initiatives began with an awareness campaign.[116] These actions were often taken by other PB stakeholders (CSOs, professional associations or networks) in partnership with government, i.e. • NGO in Porto Alegre Centro de Assessoria e Estudos Urbanos (CIDADE);

[116] Cabannes, Y. (2018) Highlights on Some Asian and Russian Participatory Budgeting Pioneers. Conveners of the Session on Participatory Budgeting in Asian and Russian Cities. Kota Kita Foundation, IOPD, University College London., https://www.ucl.ac.uk/bartlett/development/publications/2018/apr/highlights-some-asian-and-russian-participatory-budgeting-pioneers; Dias, N., ed. (2018). Hope for Democracy 30 Years of Participatory Budgeting Worldwide. Epopeia Records, Oficina. https://www.oficina.org.pt/hopefordemocracy.html; Dias, N., Sahsil E., Simone J. (eds), (2019). Participatory Budgeting World ATLAS 2019. Cascais: Oficina, https://www.cascais.pt/anexo/participatory-budgeting-world-atlas-2019; World Bank (2007). Participatory Budgeting. Shah, A. (ed.) Public Sector Governance and Accountability. Washington, DC: World Bank. http://hdl.handle.net/10986/6640

Setup	Country Example
• Organize information and knowledge sharing events (seminars, workshops, webinars, exhibitions in public spaces etc.) • Publish materials devoted to the PB for public distribution • Organize media support and promotion for PB • Engage with targeted constituencies to involve them into PB organization • Use major PR tools to disseminate information (speeches, briefings, special events)	• UK PB Network[117] **(UK)**; • Portugal Network of Participatory Municipalities;[118] • Kota Kita Foundation[119] **(Indonesia)**; • International network "International Observatory on Participatory Democracy[120]"; or • Center for Initiative Budgeting[121] **(Russia)**

2. Legislation and Regulation

MoFs may frame PB through:

- Include PB into national laws governing PFM
- Frame PB within the national priorities or integrate into the strategic planning
- Amend the national legislation on local government (settle the possibility for citizens to come up with a project idea aimed at solving specific issues of local significance, which is a priority for local community; establish criteria and determine the financial sources for the PB projects; etc.)

Flexible approach: • from just recognition of PB existence (line ministries at national level or subnational governments may decide whether and which PB model to employ within a broad national allowing framework) • to soft national regulations that enable to use PB as a tool or the offer of incentives to organize PB (i.e., co-funding).	**Ecuador:** Organic Law of Citizen Participation (2010): requires that citizens be included in the budget formulation; there is no law that details the PB process, only general guidelines and instructions have been established; each municipality is free to design its own PB; **PB of Poitou Charentes (France); Angola; Panama; Russia**
Rigid approach: • national legislation requires from line ministries/agencies (national level) or subnational governments to apply PB in a certain proportion/ according to a certain procedure/ regarding the certain policy decisions	**Peru, Dominican Republic, Kenya, South Korea, Indonesia, the Philippines** (extending PB to subnational governments through national legislation); **In Poland** since 2019 (amendments of 2018 to the Law on local government) PB is a mandatory instrument for the municipalities that are cities with poviat rights. **Portuguese school PB** (compulsory for public schools with primary and/or secondary school children)

[117] https://pbnetwork.org.uk/rebuilding-an-active-pb-network-to-promote-participatory-budgeting-across-the-uk

[118] http://www.portugalparticipa.pt/Home/Network

[119] https://www.kotakita.org

[120] https://oidp.net/en

[121] https://nifi.ru/ru/initsiativnoe-byudzhetirovanie

Setup	Country Example
3. Financial Sources	
• **Government funds,** including discretionary funds, earmarked transfers and grants from higher government levels	In PB of **New York**[122] residents may allocate the part of their capital discretionary funds,[123] (USD 35,000,000) through PB; Social development funds (Latin American countries); Local governments in **Indonesia, UK** receive earmarked transfers and grants; In **Scotland** PB was funded from Community Choices Program,[124] included as part of Empowering Communities Programme for the GBP 11,500.000 Investing in Communities Fund[125] in 2019-2020; Subsidies from some of **Russia's** regional governments to local governments to implement PB projects-winners; "Solecki Fund" in **Poland** reimburses resources to the municipalities in the proportion of 10 to 30 % in case of establishment of PB; **South Korea's** national government's financial support to municipalities is linked to PB practices; In **Vallejo, California** citizens approved a 1% increase on a sales tax, and the city council decided to spend 1/3 of this revenue through PB
• **Co-funding** – voluntary donations and in-kind contributions from citizens, NGOs, private sector, donors	**Portugal, Scotland, Poland, Russia**
• **Technical assistance.** Foundations and multilateral banks may fund activities related to the technical assistance for the process	**Bangladesh, Philippines, Indonesia,** (UNDP); **Mexico, Latin America and the Caribbean** (UN-Habitat); **Kenya, Indonesia, Congo, Russia** etc. (World Bank)
4. Human capacity	
Training activities and providing technical support has been recognized as an important component of PB facilitation. Many institutions all over the world have successfully established training programs to increase human capacity for PB. PB itself acts as budget literacy and citizenship schools: it empowers citizens to better understand the budget decisions, how government works, governments' responsibilities and resources, citizens acknowledge a direct connection between their participation and policy making, citizens' rights and duties and related topics.[126]	

[122] https://council.nyc.gov/pb

[123] https://council.nyc.gov/budget/discretionary-funding-policies-and-procedures

[124] https://www.gov.scot/publications/community-choices-fund-guidance-and-application-forms

[125] https://www.gov.scot/policies/community-empowerment/participatory-budgeting

[126] Wampler, B. (2000). A Guide to Participatory Budgeting. International Budget Partnership. https://www.internationalbudget.org/wp-content/uploads/A-Guide-to-Participatory-Budgets.pdf

Setup	Country Example
• **Capacity Building, in particular targeted training of community leaders.** 'Hands-On Learning' approach: to involve community leaders into the preparatory process of the PB layout, setting rules, awareness raising stage apart from training workshops	Capacity building training sessions were organized in **Portugal** by the Network of Participatory Municipalities The majority of PB experiences in **Africa** are accompanied with training of facilitators In **Peru** all subnational governments train so-called "participatory agents". Also actively practiced in **Scotland, Russia, South Korea**
• **Training of government employees.** Skills in negotiation, community engagement, dialogue, facilitation and project development are the capacity municipalities lack in terms of the PB initiatives	In **Italy** training of local administrative personnel is widespread In **Russia** training for the administrative personnel is performed by the World Bank LISP
• **Technical support:** sharing information and expertise, instruction, development of training materials, transmission of working knowledge, and consulting services carried out by experts	One of the well-known examples of technical support is the Participatory Budgeting Project,[127] housed in **NYC**, who helped arrange many of PBS in the **North America** and consulted internationally
• **Peer-to-peer learning:** learning on real life examples from each other. It involves direct communication, meeting, study tours, sharing materials etc., which allow for exchange of knowledge and best practices. International events facilitate exchange of experience and developing new ideas	Knowledge exchange (workshops, webinars, international events) within the Project of the **Russia** MoF and the World Bank on developing PB Is common in **Argentina, Indonesia, Scotland, Poland, Portugal**

5. Infrastructure

Several elements of PB institutional infrastructure may help sustain PB, its quality and scale up.

Digital Infrastructure: budget data portal, PB unit or separate portal for coordination, discussion and online vote. The evidence supports that the introduction of online voting does bring new participants to the process, with nearly two-thirds of online voters stating that they would not have taken part in the vote if online voting was not available.[128] Now, when the COVID-19 pandemic related restrictions, which are likely to extend for years, has disrupted all common communication practices, e-based learning, e-based communication, e-based participation have become vital to maintain PB initiatives.	**Portugal PB** website,[129] the first participatory democracy national platform, which registers an average of 500 visits/month. In **Scotland** a "Digital Tools for PB in Scotland Government Programme"[130] developed in 2016 to support the adoption of digital elements in PB processes has helped participants to generate over 720 ideas for potential funding and the use of digital tools has enabled 35,000 people to take part in PB processes. **South Korea** has been using the Digital Budget and Accounting System (**d-Brain**[131]), a system for analyzing the government's tax activities in real time, including budget formation, budget execution, and performance management since 2007. In some South Korean cities, the d-Brain system is used as a tool for electronic PB.

[127] https://www.participatorybudgeting.org

[128] World Bank (2017). Civic Tech in the Global South: Assessing Technology for the Public Good. By Peixoto, T.; Sifry, M. L. Washington, DC: World Bank and Personal Democracy Press. https://openknowledge.worldbank.org/handle/10986/27947

[129] "Portugal Participa" http://www.portugalparticipa.pt

[130] https://pbscotland.scot/blog/2016/2/18/digital-tools-and-scotlands-participatory-budgeting-programme

[131] http://www.digitalbrain.go.kr

Setup	Country Example
• **PB Focal Agency/Office/ Centre:** a dedicated structure acting as a resource center that is accessible for PB-related communications and requirements for expertise, capacity-building support and technical assistance (is reasonable for larger territorial entities, like for a country national level or a large region PB; where CSOs are not well-developed or citizens are not active to join and work in the steering committee)	As for national PB in **Portugal** organizational function is given to an Agency for Administrative Modernization at level of the Prime Minister Office";[132] In **Poland** PB is supported by the "Citizens Network Watchdog Poland",[133] an association of the local groups' leaders, which acts as a watchdog for monitoring and tries to upgrade the quality of the experiments
• **Steering Committee** for design and govern the PB process, formed from citizens, CSOs and/or community-based organizations	The Steering Committee in Durham,[134] **UK**, is responsible for assisting in the following: Drafting the PB rulebook; Establishing goals and measures for success; Creating the timeline for implementation of projects; Developing the outreach strategy The city of Victoria,[135] **Canada**, invites citizens to participate in the steering committee, develop and oversee the community-led budgeting to engage with community members to develop ideas and proposals.
• **Expert Group on PB** to assist in the work of the Citizens' Council, the Steering Committee or the government	In **Scotland** in September 2020 was launched the new National PB Strategic Group[136] which has been setup to provide strategic direction for PB in Scotland, particularly considering the challenges of the Covid-19 pandemic and the opportunities to 'build back better' as part of the recovery. The group's members represent local community organizations, national third sector intermediaries, local government, national bodies, funders, third sector interfaces and academia with a wide range of involvement and experience in PB In **South Korea** the group of 68 experts help with proposals expertise and shortlisting and other PB arrangements

[132] "Agência para a Modernização Administrativa", https://www.ama.gov.pt/web/agencia-para-a-modernizacao-administrativa/a-ama

[133] https://siecobywatelska.pl/?lang=en

[134] https://www.pbdurham.org/steering_committee

[135] https://www.victoria.ca/EN/main/residents/city-grants/participatory-budgeting.html

[136] https://pbscotland.scot/blog/2020/9/15/new-national-pb-strategic-group-launches-hear-from-its-chair

Setup	Country Example
6. Monitoring and Evaluation	
Monitoring PB initiatives and measuring their impact would give national MoFs a good evidence base in drawing up policy packages to integrate PB in the budget process.	
• PB monitoring is a process that involves regular collecting and recording data to track key indicators of a PB practices. PB evaluation is a systematic study of the situation, the process of implementing a PB program or its results to develop recommendations for improving the work and evaluate its effectiveness. There are three main types of evaluation: situation assessment, process assessment, and impact assessment. An assessment of the situation is usually carried out before the intervention. The process is evaluated during the implementation of the program. Impact assessment is performed after the end of the program or sometime later. • One of the important elements of the M&E would be the management information systems for monitoring, collecting and communicating information on PB implementation that help to transform reports or other data received into a comprehensive database that should be accessible for all stakeholders and general audience.	The national evaluation of PB in England[137] made by the **UK** focused on the effectiveness of the PB process, revealed barriers to delivery and methods to address them The MoF in **Russia** monitors indicators of funds spent, the number of projects implemented, indicators for measuring the deployment of citizen participation mechanisms.[138] The resulting document is Annual report on best practice in the development of PB in the RF. The performance of the Russia's LISP, which is one of the core PB models in Russia, was reviewed by looking at historical and survey data from the implementation of the LISP methodology as part of regional programs in Russia.[139] An example of PB program evaluation is the UNDP Evaluation of the government financing project on Bottom Up Budgeting, Philippines,[140] see Assessment of the Philippine Bottom-Up Budgeting process for 2016[141] The examples of MIS rolled out could be seen in the regions of the Russian Federation[142]

[137] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6152/19932231.pdf

[138] https://minfin.gov.ru/common/upload/library/2020/10/main/0570_doklad_IB_2020_itog.pdf

[139] http://hdl.handle.net/10986/31810

[140] https://erc.undp.org/evaluation/evaluations/detail/10059

[141] https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1623.pdf

[142] Examples of the regional management information systems for PB of the Local Initiatives Support Program in Russia: Yakutia (Sakha) Republic, https://yakutia.click/idea/regions/concepts/; Altai Krai, http://алтайпредлагай.рф; Tver Oblast http://ppmiold.tverfin.ru; Tula oblast, https://or71.ru/primi_uchastie/narodniy_budjet_new

SECTION 4

RECOMMENDATIONS AND CONCLUDING REMARKS

PB processes have a "methodological and conceptual elasticity" that has allowed their adaptation to different contexts and for different purposes.[143] Depending on country-specific political, institutional, and social circumstances, and the degree of transfer of power to citizens, national plans of PB development can consider a wide list of policy levers and actions. Table 3 presented action areas for countries to facilitate and scale up PB, in which MoFs may play a leading role (see also Figure 4). Apart from leadership, vision, and commitment to PB, the political and policy levels are important for creating an enabling environment for its integration in the budget process (for example, PB could be incorporated in strategic planning documents).

It is optional what MoFs include in their PB development plans: it is a matter of priorities, available resources, and approach chosen. PB stakeholders, i.e., CSOs, private sector, academia, professional associations, etc., can undertake supportive actions to facilitate and disseminate PB. Therefore MoFs may want to encourage these actors to include PB in their agendas, facilitate building strategic partnerships and effective networks. MoF's facilitation of stakeholder involvement is a demonstration of commitment to institutionalize PB in national budgeting.

Seven types of MoF-led national arrangements that facilitate implementation and scaling up PB at national and subnational levels have been identified:

1. **Design PB at national level**
    i. Guided by the "Framework questions to design and plan PB", presented in Section III, define goals, success criteria, risks, values and principles, type and amount of budget allocated, how citizens decide and how their decision integrated in the institutional decision-making, how the process organized in terms of information supply, training, moderation/facilitation, e-portals, proposals' technical expertise, how to engage vulnerable groups, how to evaluate both the pilot PB process and the effectiveness of the implemented projects, proposed by citizens.
    ii. Introduce PB at national level in a small scale to test, analyze and enhance. PB model, based on the context of priority issues of the national authority, such as: social services, pensions, healthcare, education, immigration, environment, etc. can be considered. Line ministries/agencies can be the lead authorities to implement PB.
    iii. In countries, where program-based budgeting is already in place, develop a unified mechanism of integration citizens' decision in the state programs, their implementation and monitoring.
2. **Build awareness and public support by communicating the importance of PB programs to several direct and indirect benefits,** described in Section III, such as: increase of transparency, accountability, and public finance efficiency; community cohesion, understanding and trust; matching priorities to available resources and budget limitations, etc. Depending on resources available, establish relationship with stakeholders and leverage partnerships (i.e., cooperate with an NGO or a research organization, which may later become and a resource center for PB (see "Infrastructure"). Actions, included in this area can be taken by other PB stakeholders (CSOs, private sector, academia, professional associations etc.).

    Optional components of 'building awareness and public support' area may include, but are not limited to:

    i. Develop a nation-wide PB awareness-raising strategy;
    ii. Coordinate strategic communication and public outreach;
    iii. Organize information and knowledge sharing events like seminars, workshops, webinars, exhibitions in public spaces (exhibition centers, cultural centers, libraries, municipal offices, schools, and universities, other educational establishments to introduce PB and highlight best examples);
    iv. Keep updated the Internet portal, established as part of PB infrastructure, social media/ networks, disseminate newsletters (the web today has become very significant part of building awareness);
    v. Publish materials devoted to the PB for public distribution: brochures, billboards, cartoons, comics, pamphlets, posters, resource books for public distribution etc.;

[143] Dias, N., ed. (2018). Hope for Democracy 30 Years of Participatory Budgeting Worldwide. Epopeia Records, Oficina. P.19, https://www.oficina.org.pt/hopefordemocracy.html

vi. Organize media coverage: media interviews and news items on radio, television and electronic media;

vii. Engage with targeted constituencies to involve them into PB organization through public meetings, presentations, workshops and informal social events;

viii. Use major PR tools to disseminate information (speeches, briefings, special events) and so forth.

Regardless what government level PB MoFs develop (national, or subnational), these methods are applicable. The subnational governments should pay special attention to focus on the following groups: community leaders and other influential individuals (business leaders, people known for service to the community, citizens with high levels of community credibility), media representatives (key journalists or media executives), policymakers, activists, opinion leaders, recognized authorities on the issue - researchers, academics, professionals, etc.

3. Develop legislation and regulation

For PB at national level:

i. Empower selected line national ministries to integrate pilot PB mechanism into the sector budget formulation and implementation (thematic PB);

ii. Develop or facilitate development of the regulatory framework for the PB at national level integration into the budgeting (Procedure, Guidelines, Institutional regulations);

iii. Include PB into national laws governing PFM;

iv. Frame PB within the national priorities or integrate into the strategic planning;

v. Establish mechanism to involve vulnerable groups, especially the marginalized groups, to contribute meaningfully through PB process at national level.

For PB at subnational level:

i. Offer "guiding principles" for PB;

ii. Encourage subnational governments to create PB standards and subnational regulations in cooperation with stakeholders and with unique subnational context considered;

iii. Spur subnational governments to develop their PB to be inclusive;

iv. Amend the national legislation on local government (settle the possibility for citizens to come up with a project idea aimed at solving specific issues of local significance, which is a priority for local community; establish criteria and determine the financial sources for the PB projects; etc.).

4. Financial sources

For PB at national level:

i. Allocate government funds to PB at national level;

ii. Determine the amount of co-funding (voluntary donations and in-kind contributions from citizens, NGOs, private sector, donors) could be or should be attracted to PB at national level;

iii. Set up the legal mechanism of co-funding in accordance with the national legislation if needed;

iv. Rationalize and ensure greater coherence in financial reporting, adopt codification of PB expenditure, at least for functional classification.

For PB at subnational level:

i. Consult on and enhance subnational governments to determine which subnational government funds and in what amount could be allocated for PB at subnational level;

ii. Consult and encourage subnational governments to determine whether the mechanism of co-funding at subnational level should be established.

5. Strengthen the human capacity

For PB at national level:

i. Study the best international PB practices;

ii. Train the ministerial officials in charge of PB in specific technical skills (engagement, moderation, projects expertise, PB procedure);

iii. Develop e-learning tool on PB, related knowledge and skills;

iv. Provide with technical assistance in the form of consulting services for the development of the sector specific PB initiatives.

For PB at subnational level:

i. Tailor e-learning tool on PB to the subnational level;

ii. Provide subnational governments with technical support on PB organization (relevant information on the Internet-portal, capacity support in policy formulation, development of regulations, moderation etc. depending on demand);

iii. Propose relevant training for subnational officials and subnational leaders (engagement, moderation, projects expertise, PB procedures);

iv. Build the capacities of civil society groups in conjunction with the subnational officials in charge of organizing PB;

v. Organize the exchange of experience between subnational governments (peer-to-peer learning) and participation of subnational governments representatives and practitioners in the international events on PB.

6. Infrastructure

For PB at national level:

i. Establish Budget Data Portal and/or ensure that the information on budget expenditure and other information demanded for PB is timely, accessible and easy to understand. Ascertain that information about relevant ongoing and implemented PB projects is presented;

ii. Create a PB section at the Budget Data Portal, or separate Internet portal for PB knowledge, PB coordination, discussion and online vote. In time when the COVID-19 pandemic restrictions have disrupted all common communication practices (which are likely to extend for years), e-based learning, e-based communication, e-based participation have become vital to maintain PB initiatives;

iii. Set up Steering Committee for design and govern the PB process, formed from citizens and CSOs, and in case of PB at national level including representatives of the line ministries, agencies, committees or other national structures, involved in PB;

iv. Establish or facilitate establishment of the PB Focal Agency/Office/ Centre: a dedicated structure acting as a resource center that is accessible for PB-related communications and requirements for expertise, capacity-building support and technical assistance. It is relevant for the large territorial entities (like national level or large regions), plus where CSOs are not well-developed, and these functions cannot be embedded to them, or where citizens are not active to join and work in the Steering Committee;

v. Form Expert Group on PB to assist in the work of Steering Committee, government, Citizens' Council, if envisaged in the PB model;

vi. Facilitate establishment of a network of PB experts, practitioners and CSOs.

For PB at subnational level:

Endorse the subnational governments to establish the planning and implementation infrastructure for PB at subnational level with elements that may mirror those at the national level (territorial section at the national PB Internet Portal, Steering Committee, PB project office, Expert Group).

7. Monitoring and Evaluation

Monitoring PB initiatives and measuring their impact would give national MoFs a good evidence base in drawing up policy packages to integrate PB in the budget process.

i. Develop the methodology for assessing the quality of PB development programs, including indicators for monitoring of the PB practices and for the evaluation of the PB impact, for national and subnational levels;

ii. Design and roll-out of management information systems for monitoring, collecting and communicating information on PB implementation;

iii. Facilitate transparent reporting and accountability from the line ministries (at national level) and subnational authorities for the citizens in implementation of the PB projects.

In closing, the key points are:

- PB is not a panacea to address all the citizens' demands and not a solution to solve all the governance problems. Done well, PB creates opportunities for several direct and indirect benefits. The different levels of governments may have distinct incentives for promoting PB, for example, while the national level government may wish to increase transparency, accountability and public finance efficiency, regional governments may organize PB to contribute to community cohesion, build understanding and trust. As for local governments they may be guided by expected outcome to match priorities to available resources and budget limitations or wish to enhance effectiveness of revenue collection.
- PB tends to be more effective if it meets the expectations of citizens, there are sufficient resources to organize the process and to invest the funds that were promised to the citizens, if it is not imposed from top to bottom, but if the authorities at the subnational level and the citizens are ready for it. This means they understand the benefits of PB and want to participate in this multi-step procedure, can agree among themselves (sufficient incentives for collaboration exist), have initial understanding of the budget process and complete and timely information about the PB procedure. Successful PB at national level can encourage subnational governments to implement and sustain this practice.
- There are certain risks to PB implementation to be initially assessed and mitigated before the project was implemented. However, without political support for PB programs, in countries where no PB regulations are adopted, they will most likely fail. Thus, willingness on the part of the national Ministries of Finance of the BCOP countries to consider for experiment and PB promotion in their countries is a significant factor in terms of further upscaling and sustaining PB initiatives, ensuring higher levels of PB quality and its institutionalizing.

References

Allegretti, G., Hartz-Karp, J. (2017). *Participatory Budgeting: A Methodological Approach to Address Sustainability Challenges*. In Methods for Sustainability Research; Hartz-Karp, J., Marinova, D., Eds.; Edward Elgar: Cheltenham, UK

Arnstein, Sh. (1969). A Ladder of Citizen Participation. American Planning Association Journal, Vol. 35, No. 4

Bernardino, S., Freitas S. (2020). Crowdsourcing Ideas for Public Investment: The Experience of Youth Participatory Budgeting in Portugal. In Gajda, O., Marom, D. & Wright, T. (Eds.). CrowdAsset: Crowdfunding for Policymakers, Chapter 17, World Scientific, Singapore, https://doi.org/10.1142/9789811207822_0017

Bernatskyi, B., Kovalenko, O. (2020). Hromads'ke Byudzhetuvannya v Ukrayini [*Participatory Budgeting in Ukraine*] Briefing Paper. Democracy Reporting International. February 2020. https://democracy-reporting.org/ru/dri_publications/participatory-budget-ukraine/

Blakey, H., Jackson R. (2016). *Participatory Budgeting Self-Evaluation Toolkit*. The PB Network https://pbnetwork.org.uk/wp-content/uploads/2016/02/PBunit-self-evaluation-Toolkit.pdf

Boc, E. (2019) The Development of Participatory Budgeting Processes in Cluj-Napoca. Babeş-Bolyai University. Transylvanian Review of Administrative Sciences. No. 58 E. October 2019, https://rtsa.ro/tras/index.php/tras/article/view/604

Cabannes, Y. (2018) *Highlights on Some Asian and Russian Participatory Budgeting Pioneers*. Conveners of the Session on Participatory Budgeting in Asian and Russian Cities. Kota Kita Foundation, IOPD, University College London., https://www.ucl.ac.uk/bartlett/development/publications/2018/apr/highlights-some-asian-and-russian-participatory-budgeting-pioneers

Cipolla, C., Afonso, R. C. M., Wittmayer, J.M., Serpa, B., Rach S. (2016). *Transformative Social Innovation: Participatory Budgeting*. TRANSIT: EU SSH.2013.3.2-1. Grant agreement no: 613169, http://www.transitsocialinnovation.eu/resource-hub/oidp-network-international-observatory-of-participatory-democracy

Dias, N., ed. (2018). *Hope for Democracy 30 Years of Participatory Budgeting Worldwide*. Epopeia Records, Oficina. https://www.oficina.org.pt/hopefordemocracy.html

Dias, N., Sahsil E., Simone J. (eds), (2019). *Participatory Budgeting World ATLAS 2019*. Cascais: Oficina. https://www.cascais.pt/anexo/participatory-budgeting-world-atlas-2019

GIFT (2012). *High Level Principles on Fiscal Transparency, Participation and Accountability.* http://www.fiscaltransparency.net/ft_principles/

Goldfrank, B. (2007) *Lessons from Latin America's Experience with Participatory Budgeting.* In Participatory Budgeting. Shah, A. (ed.) Public Sector Governance and Accountability. Washington, DC: World Bank. http://hdl.handle.net/10986/6640

IAP2, International Association for Public Participation. *Spectrum of Public Participation*. https://cdn.ymaws.com/www.iap2.org/resource/resmgr/pillars/Spectrum_8.5x11_Print.pdf

IBP (2000). *A Taste of Success: Examples of the Budget Work of NGOs*. By Rocio Campos and Isaac Shapiro. https://www.internationalbudget.org/publications/a-taste-of-success-examples-of-the-budget-work-of-ngos/

IBP (2019). *Open Budget Survey 2019.* https://www.internationalbudget.org/open-budget-survey/reports

International IDEA (2017). Global Passport to Modern Direct Democracy, by Bruno Kaufmann. International Institute for Democracy and Electoral Assistance, https://www.idea.int/sites/default/files/publications/global-passport-to-modern-direct-democracy.pdf

Kozak, M. (2019). *Growing Support for Participatory Budgets in Ukraine.* https://www.obserwatorfinansowy.pl/in-english/macroeconomics/growing-support-for-participatory-budgets-in-ukraine/

Khutkyy, D., Avramchenko, K. (2019). *Impact Evaluation of Participatory Budgeting in Ukraine.* Kiev. http://ukrainedemocracy.org/?news=article-impact-evaluation-participatory-budgeting-ukraine

Leśniewska-Napierała, K., Napierała, T. (2020) Participatory Budgeting: Creator or Creation of a Better Place? Evidence from Rural Poland. Bulletin of Geography. Socio-economic Series. Volume 48: Issue 48. Published online: 23 Jun 2020 DOI: https://doi.org/10.2478/bog-2020-0014

MoF, Russia (2020). Doklad o luchshih praktikah iniciativnogo byudzhetirovaniya v sub"ektah Rossijskoj Federacii i municipal'nyh obrazovaniyah v 2019 godu [*Report on the Best Practices of Initiative Budgeting in the Regions of the Russian Federation and Municipalities in 2019*]. Report by Financial Research Institute. Ministry of Finance, Russian Federation. https://minfin.gov.ru/common/upload/library/2020/10/main/0570_doklad_IB_2020_itog.pdf?fbclid=IwAR2h4pc2zEs7y5jg-8SgQJ9

Murray, R., Caulier-Grice, J. and Mulgan, G. (2010). *The Open Book of Social Innovation.* http://www.nesta.org.uk/library/documents/

Novy, A., Leubolt, B. (2005). *Participatory Budgeting in Porto Alegre: Social Innovation and Dialectical Relationship between the state and Civil Society.* Urban Studies. Volume: 42, issue: 11. https://journals.sagepub.com/doi/10.1080/00420980500279828

Oduor, Ch., Otieno D. (2015). *Participatory Budgeting, Community Score Card and Citizen Report Card Toolkit*. Nairobi, Kenya. https://www.ieakenya.or.ke/featured_research/participatory-budgeting-community-score-card-and-citizen-report-card-toolkit

OECD (2009). Focus on Citizens: Public Engagement for Better Policy and Services. *Participatory Budgeting in Çanakkale, Turkey*. DOI: https://dx.doi.org/10.1787/9789264048874-14-en

OECD (2016). *Social Innovation Policy Framework for Croatia.* Policy Handbook. OECD South East Europe Regional Programme. https://www.oecd.org/

OECD (2018). *Maintaining the Momentum of Decentralisation in Ukraine*, OECD Multi-level Governance Studies, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/9789264301436-en

OIDP (2019). *Participatory Budgeting: A Powerful and Expanding Contribution to the Achievement of SDGs and Primarily SDG 16.7.* Essay by Cabannes, Y. International Observatory on Participatory Democracy. https://participate.oidp.net/processes/SDGs/f/97/proposals/657

PAUCI (2019). *Participatory Budgeting. Practical Experiences from Cities and Amalgamated Communities in Eastern Ukraine.* Polish-Ukrainian Cooperation Foundation within the framework of the Project "Strengthening Ukrainian Communities Hosting Internally Displaced Persons". https://pauci.org/en/

PB Unit (2010). A Toolkit for Participatory Budgeting in the UK. Second Edition. https://pbnetwork.org.uk/wp-content/uploads/2016/02/Participatory-Budgeting-Toolkit-2010.pdf

PBP (2020). How Participatory Budgeting Works. Participatory Budgeting Project (PBP). https://www.participatorybudgeting.org/how-pb-works

PEMPAL Network (2020), CrossCoP Executive Meeting. Berne, 29th June 2020 (Videoconference). Daniel Schaffner, CFO City of Berne. City of Berne. https://www.pempal.org/events/bcop-videoconference-pfm-system-and-performance-budgeting-city-berne

Sintomer, Y., Herzberg, C., Röcke, A., & Allegretti, G. (2012). *Transnational Models of Citizen Participation: The Case of Participatory Budgeting.* Journal of Public Deliberation, 8(2), 9. http://www.publicdeliberation.net/jpd/vol8/iss2/art9

Sintomer Y., Herzberg C., Allegretti G. (2013). *Participatory Budgeting Worldwide* – Updated Version No. 25. Bonn. http://www.ces.uc.pt/myces/UserFiles/livros/1097_DG-25_bf.pdf

Stanese, I.T., Ungureanu, M.A., Bartalis, A.-M. (2018). Considerations on Participatory Budgeting for Local Development Projects in Romania. Revista Economica, Lucian Blaga University of Sibiu, Faculty of Economic Sciences, vol. 70(4). https://ideas.repec.org/a/blg/reveco/v70y2018i4p116-131.html

UN-HABITAT (2004). 72 *Frequently Asked Questions about Participatory Budgeting*. Urban Governance Toolkit Series. https://unhabitat.org/72-frequently-asked-questions-about-participatory-budgeting

UN-HABITAT (2020). *An innovative multidimensional approach to accelerate the 2030 Agenda through Participatory Budgeting Report,* presented at the 10th Session of the World Urban Forum held in Abu Dhabi, UAE, 8-13 February. https://wuf.unhabitat.org

UN-DESA (2011). Good Practices and Innovations in Public Governance. United Nations Public Service Awards Winners, 2003-2011. UN Department of Economic and Social Affairs. https://publicadministration.un.org/publications/content/series_good_practices.html

Urs, N. (2020). Put Your Money where Your Mouth is - Participatory Budgeting in Romanian Cities. Babeş-Bolyai University, In "Central and Eastern European e|Dem and e|Gov Days 2020" Conference Proceedings. http://real.mtak.hu/108873/1/ceeegov2020.pdf

Vinogradova, T. (2003). Glava 3. "Prozrachnyj byudzhet" [Chapter 3 "Transparent budget"]. In Social'nye tekhnologii mezhsektornogo vzaimodejstviya v sovremennoj Rossii: Uchebnik [Social Technologies of Intersectoral Interaction in Modern Russia: Textbook] by Avtonomov, A. (ed.) Moscow. http://library.khpg.org/files/docs/1438502616.pdf

Vinogradova, T. (2010). Transparent Budget Program in Russia. Report. http://center-strategy.com/budget

Wampler, B. (2000). *A Guide to Participatory Budgeting.* International Budget Partnership. https://www.internationalbudget.org/wp-content/uploads/A-Guide-to-Participatory-Budgets.pdf

Wampler, B., McNulty, S., Touchton, M. (2018). *The Global Spread and Transformation of Participatory Budgeting*. In Dias, N., ed. Hope for Democracy 30 Years of Participatory Budgeting Worldwide. Epopeia Records, Oficina. https://www.oficina.org.pt/hopefordemocracy.html

Williams E., Denny E. St., Bristow D. (2017). *Participatory Budgeting: An Evidence Review.* Public Policy Institute for Wales. https://www.oidp.net/docs/repo/doc215.pdf

World Bank (2007). Participatory Budgeting. Shah, A. (ed.) *Public Sector Governance and Accountability.* Washington, DC: World Bank. http://hdl.handle.net/10986/6640

World Bank (2017). *Civic Tech in the Global South: Assessing Technology for the Public Good.* By Peixoto, T.; Sifry, M. L. Washington, DC: World Bank and Personal Democracy Press. https://openknowledge.worldbank.org/handle/10986/27947

World Bank (2018). *Participatory Budgeting Manual. For County Governments in Kenya*. World Bank Kenya Participatory Budgeting Initiative. http://documents1.worldbank.org

World Bank (2014). *Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations.* Washington, DC. World Bank. https://openknowledge.worldbank.org/handle/10986/21113

World Bank (2020). *Public Participation in Fiscal Policy and the Budget Process – Establishing and/or Strengthening Mechanisms in PEMPAL Countries.* Prepared by BLTWG under the BCOP of the PEMPAL network. https://www.pempal.org/knowledge-product/public-participation-fiscal-policy-and-budget-process-–establishing-andor

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

MINISTRY OF FINANCE
OF THE RUSSIAN FEDERATION

European Union