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Participatory Budgeting as a Social Innovation: motives and outcomes of enactment

Based on the example of the city of Tartu

MA thesis

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Author's declaration

I have written this Master's thesis independently. All viewpoints of other authors, literary sources and data from elsewhere used for writing this paper have been referenced.

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Abstract

The diffusion of Participatory Budgeting (PB) at a local level has attracted the attention of many researchers. PB has been invented in Porto Alegre, Brazil during the time of re-democratization of Brazil in 1989. Afterwards, it has been diffused globally and currently it exists in almost all continents. The diffusion of policies and social innovation is quite widespread and one policy can be applied to various kinds of contexts which, in their turn, can be quite different from each other. The current study explores the diffusion of PB at a local level, how it travels around the world and more specifically, how, why and with what results it was adopted in the city of Tartu in Estonia.

The main aim of the thesis is to understand *what drove the adoption of PB in Tartu* and *whether the expectations of city government and NGO from PB enactment have been met or not*. The theoretical framework of the thesis is built on the existing literature about PB diffusion drivers around the world, starting from Brazil until Africa. Based on the existing theories, the main expectations of this study were that Tartu city government adopted PB for the purpose of gaining more popularity and votes as well as for increasing levels of citizen participation and awareness. Moreover, it was supposed that the city government wanted to find better practical solutions for various problems the city has.

The research has been conducted using qualitative methods of research, relying on elite interviews with employees of Tartu city government and e-Governance Academy as the main source of empirical information. In order to ensure the validity of the research results, a triangulation of data was applied, combining statistical data and information from media articles with key-informant interviews. The results have shown that PB enactment in the city of Tartu was a result of a cooperation between an NGO (e-Governance Academy) and the city government of Tartu, both of them having the same objectives. The main incentives of PB implementation in the case of Tartu were citizen engagement and citizen education about the budgeting process of the city. During the six years of PB experience at Tartu (2013-2018)

only one of the main objectives has been met, which is the citizen engagement, as, every year the number of citizens interested in the process of decision-making is being increased. At the same time, PB failed to be a tool of citizen education about the budgeting process. This largely due to the fact, that only a very limited budget was allocated for the process, and there were not many opportunities for citizens to have a broader picture of the whole budgeting process of the city.

In sum, this study contributes to the field of PB diffusion at a local level, and its results can be applied both in and outside of Estonia for understanding the objectives and possible results of PB enactment.

Keywords:

Social Innovation diffusion, Participatory Budgeting, Citizen Engagement, Citizen education on city budget.

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Abbreviations

SI- Social Innovation

PB - Participatory Budgeting

NGO- Non governmental organization

Introduction

Starting in the 1980s a new form of social innovation, Participatory budgeting (PB) came to fill the gap of participatory democratic practices around the world, especially in new democracies, for instance, in Brazil. Participatory budgeting was first introduced during 1980s in Porto Alegre, Brazil, by the Workers Party (Partido dos Trabalhadores) after the long-term military dictatorship in Brazil was over and the party managed to win the elections. The practice of PB was new and aside from political reasons, it aimed to solve certain social problems, such as inclusion of disadvantaged groups and equal distribution of resources, accordingly, making the practice of PB to be recognized as a social innovation. According to Cibolla et. al. (2016:6) PB is a form of participatory democracy; hence, it is a social innovation, as it alters the mechanisms and practices of representative democracy and elective institutions, changes the relationships between the citizens and local government, and, moreover, includes more citizens in the decision making process and connects the citizens and government officials. Andreas Novy et. al. (2005:2023) consider PB as a social innovation, which links civil society and state; moreover, it is a completely new way of local governance. Novy et. al. (2005:2033) highlights that PB was used by the citizens and civil society to solve social problems and form new processes for doing various things in the city. That being the case, PB emerged as a form of participatory democracy in a newly democratized country (Brazil) for certain reasons, some of them being political and social, which created new ways of doing, organizing, knowing and framing (Cibolla 2016:7), and gained worldwide recognition as a social innovation. The main reasons the cities adopt PB are inclusion of disadvantaged groups, raising political support and equal distribution of resources.

Since its emergence, Participatory budgeting started to diffuse around the world quite quickly, and this research paper seeks to understand why and what are the main incentives that cities adopt the innovation. The main goal is to find answers to why PB is enacted in the city of Tartu and whether the initial expectations/motives have been being met or not. Thus, this thesis seeks to answer to two main research questions:

RQ. 1 What were the main motives of city government and Non-Governmental Organization (NGO) representatives to enact Participatory budgeting in the city of Tartu?

RQ. 2 Has Tartu's experience with participatory budgeting lived up to the expectations of PB enactors - e.g. the city government and specialized NGOs? Why/Why not?

Even though in Brazil PB started as a means of creating a more democratic political culture and a good way for gaining popularity (for the political party who proposed it), the motivations for PB enactment vary from country to country and city to city. There are more than 2800 cases of PB worldwide (Porto et. al. 2017:63), and year by year more and more cities are adopting the practice. However, there is no one clear explanation for PB implementation. One difficulty for a generalized answer is that all cases differ from each other geographically, culturally, historically and economically. Therefore, in order to answer the above-mentioned questions, case studies can be one of the most useful ways. A qualitative case study based on expert interviews allows us to explore the motives and perspectives of politicians, administrative workers, and NGO employees who were directly involved in the process of PB enactment in Tartu. The experience of Tartu, the first Estonian city to enact PB, which by now has over six years of PB experience, needs to be explored in more detail and discussed in the context of existing theories and broader trends and patterns. Thus, I have taken the case of Tartu in order to understand whether the case of Tartu corresponds to any of the theories, what exactly were the expectations from PB implementation in Tartu and whether they were confirmed or not. The study fills the gap of research on the cases of newly democratized countries, in this case, Estonia. Moreover, when Participatory Budgeting was implemented, there were local government elections in all Estonian municipalities, which gives a reason to have assumptions that the elections (gaining votes) was one of the motives for the adoption of Participatory Budgeting in Tartu city.

There is a growing literature addressing the question of why PB is being enacted in certain cities and whether it fulfills the expected goals. In Porto Alegre , for example, one of the reasons was strengthening *social movements* against the government before (when Workers Party came to power and implemented PB in Porto Alegre) elections in 1988. The movements were called " Movimento dos sem terra" and the main aim was to demand more participation by citizens in decision-making process as a part of social inclusion (Rojas 2005:11). Another factor was the issue that *left wing parties* (such as Workers Party) *were able to win more and more votes*, and the implementation of Participatory Budgeting was at the center of their electoral campaign as a form of governance reforms. According to another stream of literature, the motives of PB enactment were mainly government's ideology (Goldfrank 2011), civil society mobilization (Avritzer (2002) and Baiocchi (2005)), democracy promotion (Santos 2005), international organization (pushed by)(Porto de Oliviera 2017, Goldfrank 2012), government's electoral incentives (Wampler 2007), and nationally mandated programs (McNulty 2013). Godwin (2018:135) mentions that the *successful example* of Porto Alegre and cities like that, which adopted Participatory Budgeting and managed to make reforms such as inclusiveness, more participation of the poor and women, transparency, can be another motivation for enacting PB. Moreover, another reason can be the will to deepen democracy, increase citizen participation, ensure administrative transparency, decrease poverty, also change political culture by making citizens more participative (Wampler 2007:95). In addition to this, other factors can be the governments' electoral incentives (Wampler 2007), community engagement and increasing trust towards local government (Aine Greedon:2013) and the desire to weaken the opponents (Anwar Shah 2007:100).

In order to answer my research questions a single case study approach of qualitative research was conducted. A wide range of literature was studied in order to form a theoretical framework for the study. Moreover, semi-structured key informant interviews have been be conducted with the people most knowledgeable on the topic, such as with the mayor of the city, elected representatives in the city council,

administrative workers and NGO representatives. In addition, various statistical data and documents provided by the city council were used, including, information about the number of voters each years, gender, age, number of ideas. Moreover, several up-to-date media articles on the topic were analyzed. After all the data is gathered, thematic analysis was conducted to analyze the data and to draw conclusions. Thematic analysis, according to Braun et.al (2006:2) offers theoretically flexible approach for analyzing the data. Moreover , Braun et. al (2006:6) states that *"thematic analysis is a method for identifying, analyzing, and reporting patterns (themes) within data. It minimally organizes and describes your data set in (rich) detail".* The qualitative research has been chosen because it is the most suitable method for my research questions, as it requires talking to the politicians and policy makers, and get the information directly from them, as my research questions are formulated in a way that the answered are directly needed from policy makers.

The limitations of the study are that one can not generalize the motives of diffusion and challenges and outcomes just based on single case study, however, it can useful for further research on the same topic, especially if one considers the diffusion in cities like Tartu, having the same political, societal and economic environment (e.g. small city, new democracy, level of prosperity and so on).

The findings of this study will be beneficial for the cities who plan to adopt PB and want more information about real life case of PB adoption and results, moreover, it will bring new knowledge in the sphere of Participatory Budgeting adoption as a social innovation in cities like Tartu. For example, cities which are newly democratized and need to bring participatory processes (as was the case of Porto Alegre, where the new authorities needed to create more democratic strategies). Furthermore, the study shall contribute to the already existing knowledge about the motives and outcomes of PB enactment.

The main expectations of the study are:

Expectation 1. "The city government enacted Participatory Budgeting because they wanted to gain more popularity and votes"

Expectation 2. "The city government decided to enact Participatory budgeting because they wanted to increase citizen participation and awareness levels"

Moreover, with this study I want to find out if the motivations and expectation which drove the policy makers to enact Participatory Budgeting in Tartu have been met or not.

Therefore, this thesis paper has the following structure. In order to give sufficient background information, the thesis starts with the concept and definition of participatory budgeting and Social Innovation, later on presenting participatory budgeting as a social innovation, and various theories of social innovation diffusion according to different streams of literature. Afterwards, the second chapter presents the origins and diffusion of participatory budgeting in detail, in order to provide the reader a clear understanding of the diffusion speed, process and results so far. In the third chapter, first of all, the case of Tartu is explored: Then, the chapter discusses how PB was introduced in Tartu and, later on, introduces, the results of PB enactment during 2013-2018. Last but not least, the thesis will present final results of the research based on in-depth key informant interviews, official documents (statistical data) and media articles, answering the research questions and give concluding remarks .

1.Participatory budgeting as social innovation

1.1 Concept of Social Innovation

Social Innovation (SI) as a concept refers to the phenomenon when new and innovative ideas are being implemented in order to solve a social problem, or improve something offering new solutions. The concept dates back to 1960, when SI was referred to as a concept within the scope of Social Sciences and Humanities, later on to be broadened to technological innovation, and social entrepreneurship. Social innovation is also the process when new strategies, concepts, organizations, and ideas emerge to address social needs. However, social innovation has various kinds of definitions, because it refers to different activities and is used in various spheres such as political science, economy, business administration and so on. One of the most common definitions is *"social innovation is a new combination and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentionally targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices"*(Tara Anderson et. al., 2014:8).

First of all, it is necessary to define both the concepts of "social" and "innovation" in order to have a better understanding of their interconnection between those concepts and their effects in general. The concept of "social" can be defined as "relating to the life, welfare, and relations of human beings in a community" (Y. Lin et. al 2016:2) and "innovation" has been defined for example by Schumpeter (who wrote a pioneering work on innovation in 20th century) as "establishment of new combinations things and forces necessary for production by an entrepreneur" (Y. Lin et. al 2016:1). Innovation can be looked at as both process and outcome, in case of a process, it is needed to know the way of producing better innovations, from the point of an outcome, the policymakers, funders and so on, want to know how the product will proceed and result (Phills et.al. 2008:37). However, there are also criteria for the new policy or idea to be considered as an innovation. First and foremost, the innovation should be new, a novel thing which has not appeared in that community, context before, the second criterion is the quality of improving, as the innovation should come to make something better than the existing one or something new which makes the community better. Phills et.al. (2008:38) also mention, that while innovations in general address a social need, social innovation is mainly concentrating the social and financial values only for the society as a whole. So, when, combined, those two terms (social and innovation), we receive a concept, characterizing a process of new ideas which are socially beneficial to this or that area in the society. The innovation mainly affects on a problem or a gap connected to the community life in general.

There are many challenges that the world is facing nowadays, for example poverty, unequal economic growth, gender/minority discrimination, lower quality of education, need for more sustainable cities (e.g. innovative ways to keep the air clean and so on), strong institutions in a country, accountable government, protecting environment and those challenges should be met not only by unified actions of the international community, but also the local communities, various actors such as governments (both local and international), businesses, academic and university representations, and so on. The main point for mentioning those challenges and the need to find solutions, is,

because, that is why the phenomena of social innovation emerged. Social innovations emerged mostly to meet the challenges that various communities had, where there was a need for more innovative solutions, for example, the problem of equal distribution of resources among its' citizens, access to clean water, affordable energy and so on. That is why, social innovation is widely believed to describe the "how" an invention happens for solving a social problem, how this invention is being implemented in the respected sphere by the communities, last but not least, whether it is by a private sector or public/non-profit sector. Thus, social innovation seeks to find new ways of making life easier and better, and that the solution and its' impact last as long as possible, and be sustainable.

Moreover, social innovation seeks to improve the situation in any sphere of society, which usually is not solved by states or local governments. This means, that social innovation is not evolving only by one actor, it also comprises actors from different spheres, private, public or third sector (Julie Caulier-Grice et. al 2010:18). In figure 1 you can see the four main four sectors by Julie Caulier-Grice et.al (2010:18), which are the state, the market, the household and the grant economy (grants playing an important part in this sector, described as one-way transfer, e.g. A gives something exchangeable to B, B gives nothing exchangeable to A(KE. Boulding et. al. 1979: 19)). So the individual or an organization is thinking about possible solutions on a specific problem in a specific field, offers projects and ideas to improve something which is problematic, widely accepted as an issue that needs to be ameliorated, also, the innovation might be something completely new in the society that is addressing the social problem from a completely novel perspective. A way to understand social innovations is how Julie Caulier-Grice et.al (2010:18) defines them, *"as new ideas (products, services, and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations. In other words they are innovations that are both good for society and enhance society's capacity to act"*.
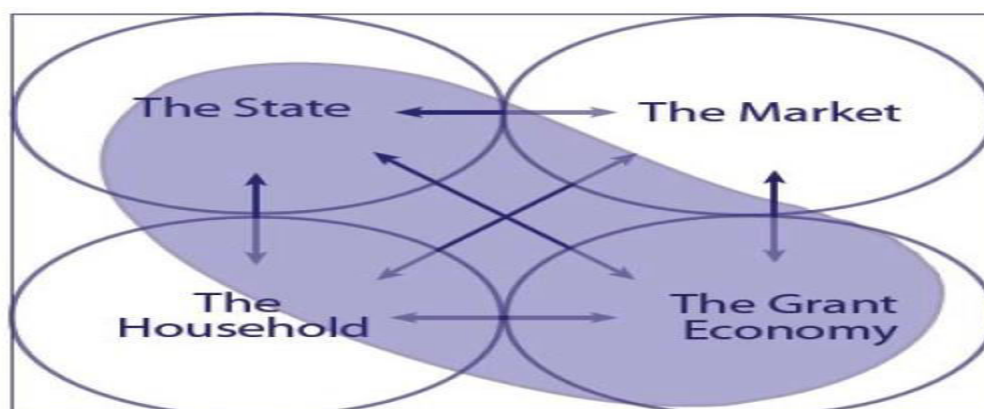

Figure 1: Social innovation across the four sectors

Source: Julie Caulier-Grice et. al 2010:18

Another way that SI is understood is explained by Geoff Mulgan et. al (2007: 8), who defines social innovation in broader and narrower ways, such as " social innovation refers to new ideas that work in meeting social goals" and " 'innovative activities and services that are
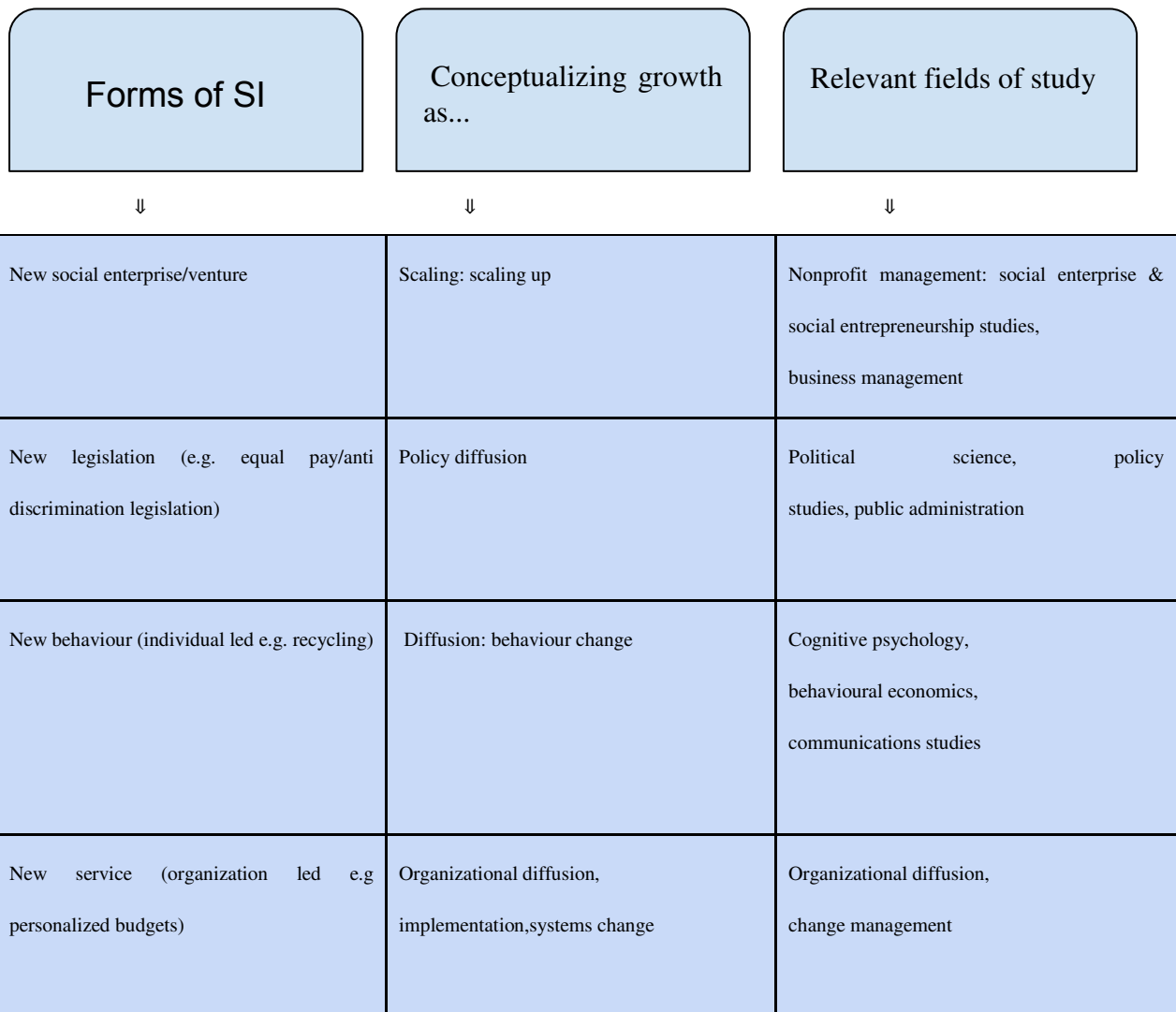
motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social.'

Thus, if offers a new way of doing something which is a novelty and at the same time addresses an issue which is somehow not satisfying or is problematic in the society. Moreover, the social innovation should be differentiated from business innovation, as in the case of the former, the main goal is to tackle a social problem, while in case of business innovation, the aim of innovation is to seek profit. Therefore, we can also say that social innovation will continue to exist as long as there is discontent among the society members regarding social issues (community, public). However, still, we can have endless examples of social innovation definitions, and the main thing, in this case, is to understand that broadly speaking, social innovation is a novel idea (policy) which offers solutions or improvements for a social problem, or at least tackling something that concerns the community itself.

Social Innovation has gained and continues to gain popularity for its nature of being problem solving and useful in any aspect of the life of citizens. In order to meet the challenges existing worldwide, communities need new ways of tackling those issues. The social innovation can be created by ordinary people without any specific skill, as the most important in this case will be a novel idea for tackling a specific problem in the community and/or filling a gap in any sphere. Moreover, social innovation and the people who come up with ideas are believed not to be encouraged by the desire to get profit but to change, improve and make the existing world and society much better and comfortable. Thus, as it is mentioned in the work of Lin C. et. al. (2016: 8) social innovations are "ways to revitalize policy by making it more efficient, more effective, and better ".

Another common definition which also comprises most of the previously mentioned characteristics of SI can be considered the definition by Michael Harris and David Albury (2009:) *"Innovation that is explicitly for the social and public good. It is innovation inspired by the desire to meet social needs which can be neglected by traditional forms of private market provision and which have often been poorly served or unresolved by services organized by the state."* Moreover social innovation happens both inside or outside of public services. The creators can be public, private or third sectors, or users and communities. This gives a complete picture of what is SI, in what circumstances it originates, who are the actors, which sectors are involved, highlighting that for the innovation to be social, first and foremost, it should be tackling issues connected to social problems and issues in general, whether to solve them or to improve.

Davies et. al. (2013:10) points out the typology of social innovation, where he mentions the forms that social innovation is taking place, the different forms of social innovation growth for various forms of social innovations, moreover, he also helps the research community by giving them a the fields of study in which the specific social innovation should be studied.

Forms of SI	Conceptualizing growth as...	Relevant fields of study
New social enterprise/venture	Scaling: scaling up	Nonprofit management: social enterprise & social entrepreneurship studies, business management
New legislation (e.g. equal pay/anti discrimination legislation)	Policy diffusion	Political science, policy studies, public administration
New behaviour (individual led e.g. recycling)	Diffusion: behaviour change	Cognitive psychology, behavioural economics, communications studies
New service (organization led e.g personalized budgets)	Organizational diffusion, implementation,systems change	Organizational diffusion, change management

Source: Davies et. al. 2013:10

Figure 2. Typology of Social Innovation and forms of growth

According to The Young Foundation (2012:18), there are a few elements, which are quite crucial for the purpose of defining something as social innovation. Those elements are :

1. Novelty

Social innovation needs to be completely new or at least should have a new way of application in the field, it is being used.

2. From ideas to implementation

In order for the new idea to be considered an innovation, primarily, that idea should be practically applied and used in that specific sector or field it has designed for, when an idea is being invented, it can be either stay as an invention, or it can be used and spread around the world. Most of the literature, (such as The Young Foundation: 2012) mention about the three interconnected concepts: invention, innovation and diffusion. So, the invention is when a new idea is being created, to improve something, however, it is not an innovation yet, until the idea

gets applied and the expectations come true, diffusion is when innovation travels from its place of origin and is adopted in other communities. Thus, first an idea is being created, then it is being applied in the community/sector or not, in case of application, it is considered as an innovation, later on, the innovation either stays in its original place or travels around the world, which is already considered as a diffusion of an innovation.

3. Meeting a social need

The concept of social need can be understood differently in different societies, however, in general, the social need is characterized as a need that is causing a problem, suffering to the specific social group or society in general, such as poverty, hunger, lack of access to clean water, violation of basic human rights and so on. In order for the innovation to be social innovation, it should definitely address a social problem.

4. Effectiveness

One of the key elements of social innovation is the ability to introduce impact, which can be notable. The social innovation is being created to improve and solve a socially disturbing issue, or fill the gaps of what is being missed, thus, when applied, SI should have a clear impact, visible for the parties involved.

5. Enhancing society's capacity to act

When talking about the impact of SI, we should not degrade the importance of process of SI. During this process, the society and all other parties are taking part in the creation and implementation of SI, which boosts the capacities of the community members, changes the relationships and includes groups which have been excluded before.
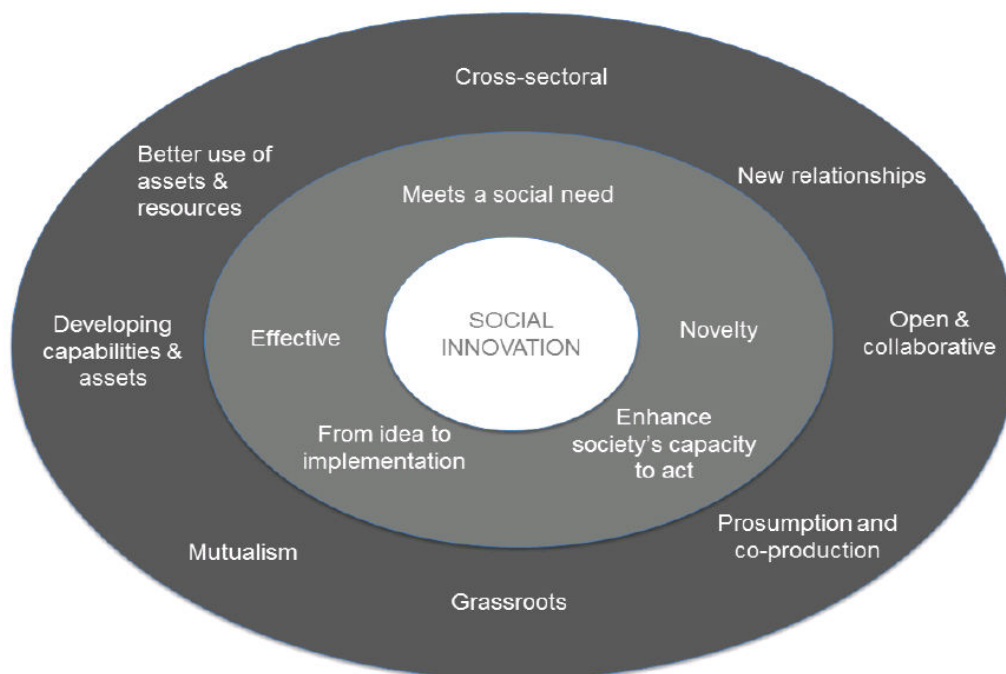
Source: The Young Foundation 2012:18

Figure 3. Core elements and common features of social innovation

The main features of social innovation, according to the Young Foundation (2012:21) are:

1. Cross-sectoral

This feature is about the flexibility of SI to be transferred from one sphere to another easily, for example from business to state sector and vice-versa, which also might include cooperation between various sectors such as third sector organization and business

1. Open and collaborative

The ability to include as many actors as possible.

2. Grassroots and bottom-up

In most of the times SI comes from the grassroots, ordinary people who see the need of changing and improving something better than the authorities.

3. Pro-sumption and co-production

Frequently, the users are being responsible for the product instead just being consulted, which is considered a co-production and pro-sumption refers to the phenomena when users are being involved in the production.

4. Mutualism

This feature mostly describes the idea of working together in order to change and improve the conditions of the society all together.

5. Creates new roles and relationships

As social innovations are usually created by the users, thus, creating various kinds of cooperative actions by society members, it creates new roles and relationships between the members.

6. Better use of assets and resources

Another very crucial and effective feature of SI is the quality to use and give "second life" to those thing which might have been stay unused.

7. Develops assets and capabilities

Usually, social innovations accentuate the skills and abilities of people, for this reason, many times, more attention is paid to make people work on their own skills to create novel ways for meeting the needs.

By the below drawn arrow diagram, the thesis presents the summary of the essence of social innovation:

New idea (invention) practically applied

⇓

Expectations are met

⇓

Innovation

⇓

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┌─────────────────────────────────────────────────┐
│            Solving a social problem             │
└─────────────────────────────────────────────────┘
                        ⇓
┌─────────────────────────────────────────────────┐
│               Social innovation                 │
└─────────────────────────────────────────────────┘
                        ⇓
┌─────────────────────────────────────────────────┐
│   Social innovation travels from its' place of  │
│                    origin                       │
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│           Social Innovation diffusion           │
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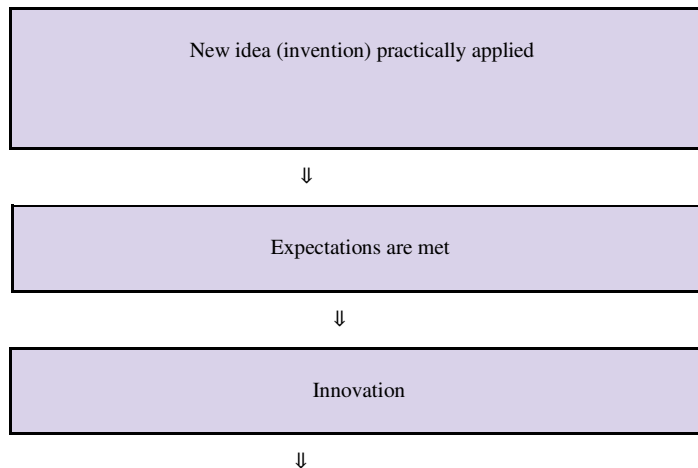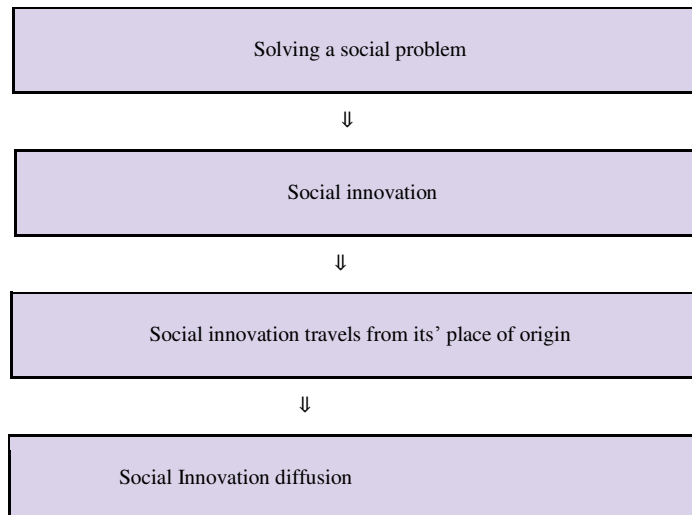
Source: Author

Figure 4. The essence of social innovation

1.2. Diffusion of social innovation : Literature review

Factors of idea diffusion

When an innovation is being created, at some point it aims at being expanded and spread throughout communities and countries. When new, creative and efficient ideas are being generated, both the owners of those ideas and those eager to improve something in their own communities want to spread and implement those innovations in various places. However, it is not always so easy to adopt a new idea, because of many reasons, one of them is the fear of anything new in general. The process of spreading the innovation across different countries is called diffusion of innovation. Diffusion is considered to be "the uncoordinated but interconnected adoption of similar programs by governments" (Wampler 2014 :6). Moreover, diffusion is also considered to be a social process, because the diffusion of innovations happens through these relationships (Davies et. al. 2013:8). Spreading the social innovation is an issue that sometimes social entrepreneur is thinking of, how to make the innovation accessible for as many people and communities as possible. Dees et. al. (2004:26) points out that policymakers and social entrepreneurs should take more actions to be able to spread social innovations, as there is a need for specific steps and actions for scaling up/diffusing the innovations.

Before talking about the diffusion of social innovation, it is essential to discuss first of all about what is diffusion and how is it defined. Rogers E. M. (2003:5) defined diffusion as "*a process by which an innovation is communicated through certain channels over time among the members of a social system. It is a special type of communication in that the messages are concerned with new ideas*". By saying communications, it is meant the idea of sharing process between the participants for reaching one common goal (Rogers 2003:3). Rogers (2003:6) also characterizes diffusion as a *social change*, this can be explained in this way, when new ideas are being evolved, then applied to some communities, later on being diffused, they end up with some results, which can lead to a social change.

Rogers (2033:11) discusses each of the elements of diffusion of innovations one by one. According to him innovation is any kind of new idea, practice that is being adopted or is being perceived as something which can be adopted. However, it is not only novelty that makes an idea as an innovation, there should also be necessary conditions and approaches for its adoption. Rogers (2003:15) gives the innovation five different characteristics, including:

1. *Relative advantage*, when the innovation/idea is understood as something which is more effective than the one it has come to substitute, and the advantage can be measured in various ways, for example satisfaction by its users and economic terms.

2. *Compatibility,* refers to the degree of how much one innovation can coexist with the common values and previous experiences of the specific area an innovation is being adopted. For example, the innovation cannot be applied in a place where the society is not ready for that, such as, implementing an innovation which is contradicting with the values of that specific society.

3. *Complexity,* when an innovation is quite difficult and the society/community needs some time to be explained and clarified what exactly the new phenomenon is about.

4. *Trialability,* when an innovation is being tested before the adoption

5. *Observability* is already the stage when the outcomes of an innovation are becoming apparent. This characteristics is quite crucial as the adopters, whether an individual or a whole society are more eager to adopt the innovation if they have seen the outcomes, which can be seen/known from the information by neighbor, media and so on. Thus, according to Rogers (2003:16) all the above mentioned characteristics are playing a pivotal role in the adoption of innovations in their own turn.

The next element is communication channel, which is the process when the details and facts about the innovation is being spread among the communities. During this process, an information exchanging process if happening between the people who are informed about the innovation and those who are not so aware of. Except communication time is also a very crucial factor in the process of diffusion. When the units of a community, for example different informal groups, people, organizations and so on work together to resolve a problem which is common one for them, is called a social system. Social system is also an important element of innovation diffusion as it highly affects in the process of diffusion, for example, via communication and cooperation between the units. An innovation can be accepted or rejected by the relevant decision making actors, and this can be done in different ways, for example, optional innovation decisions, when the decisions are made by individuals, not taking into consideration the other people's decisions. Or, collective innovation-decisions, which are decided by not one person, but, in a result of an agreement between all the members. Finally, there is authority innovation-decision, which is made by very small amount of people who are having certain power, or are experts in the respective field. In this very case, the people in the community do not have or have very little influence on the decision-making process, but, they just enact the innovation.

Rogers (2003:247) divides the adopters into categories such as: innovators, early adopters, early majority, late majority and laggards (see Appendix 1). *Innovators:* Innovators are usually considered adventurous as they are quite eager to know and try new ideas, even though they have to be prepared to be uncertain about the certain innovation when it is being adopted, as there is not so much information. *Early adopters:* They are more of a local thinkers than the innovators, and most of the other types of adopters are looking for them to form an opinion. *Early majority:* Early majority are those people who adopt the innovation earlier than the average member of the community. Moreover, they are deliberating before adopting an innovation, which might take time. The period of their innovation lasts longer than for innovators and early majority, they more deliberative. *Late majority:* Late majority people are more skeptical, they adopt an innovation after

certain number of people have already adopted, and they need more persuasion by their community members in order to be convinced. *Laggards:* Laggards are considered more traditional, and that makes them to make the decision quite slow , resulting them to adopt an innovation the last one.

Pue (2016:33) mentions that any kind of social innovation, no matter where and for what purposes it has been created, at the end it aims at being replicated and scaled up. When social innovation is being created, the creators want to spread the novel ideas and solutions around the world, as mentioned also by Pue et. al. (2016) when describing the process of social innovation (figure 4) (Lisa Schumann et. al. 2017:6).

Figure 5. The Process of Social Innovation (Source: Authors based on Pue et al., 2016)

This whole process of social innovation, which is affected by social ecosystem (Lisa Schumann et. al. 2017:6), together with structure of ecosystem, plays quite a huge role in the process of the diffusion of social innovations. Once we reach to the stage of emergence, and it reaches the initial goals, the process of diffusion According to Howaldt (2016:) the SI is being spread via imitation and social learning. Scaling and diffusion are one of the six stages of social innovation (Murray et.al. 2010:13) and it is in this exact stage when diverse ways of actions are created and taken in order to spread and increase the social innovation. Murray (2010:13) highlights the importance of demand and supply model in diffusion process, both having equal roles.

The ways in which social innovations are being spread, can be quite different, for example cooperation between the innovators and adopter. However, many of the social innovations are being diffused by emulation. Murray (2010:13) points out the differences between how social innovation is being spread and diffused in social and market economies. Usually, private economies tend to keep the benefits of an innovation for their own organization, meanwhile the social economies tend to spread the diffusion as much as possible and as fast as possible. Social innovation is described as a compound process, and Murray (2010:83) call this process a generative diffusion, as the diffused innovation will not be the complete similar one as the original one, because they take various ways to diffuse.

However, one important question still remains, why, in general, the innovations get diffused? There are certain factors which contribute the diffusion of social innovations. For the diffusion to reach its desired results, the "effective supply" and "effective demand" factors are also quite crucial (Murray et. al 2010:83), here, effective supply shows the growth of evidence that the innovation has been effective and the effective demand is the willingness to pay. As the innovation usually take time to be accepted and understood by people, there are always different views, which of those two factors have to be given more importance, so, this varies from case to case. In addition to the above mentioned, innovation also diffuses more smoothly if there are not lots of complexities in the process of implementation and integration of innovation.

Other factors which are playing crucial role in the diffusion process are emulation (imitation) and inspiration (Murray et.al. 2010:13). Inspiration is a crucial factor for the diffusion of ideas/innovations, as many ideas are easily understood and accepted because they are quite inspiring. Those are the ideas which are encouraging and inspiring for people, by allowing people to do something in a novel way. Moreover, Murray (2010:85) state that for the diffusion of an innovation, one should not only look at the supply side, but also, the demands from people. Overall, there is a need to spread the information for consumers, promote and market the innovations. Some of the key elements for spreading the idea include distributed diffusion through public policy, endorsement by regulators, creating intermediate demand, dissemination of best practice , global diffusion and encouragement, change through standards (2010:87)

Quite often, social innovations are not being diffused in other communities because of certain reasons, one of them is the inaccessibility (Waitzer et. al. 2011: 144). This can be explained in a way that not many citizens are given the chance to participate in the projects. Thus, as Haselmayer (2013) points out, a very important way for the social innovation diffusion is the engagement of the citizens, as they need to take actions for that.

The means by which social innovations are being spread in reality play a decisive role in diffusion process because they can highly affect on the decision making process of social innovation (in the adoption stage). Luisa Schumann et. al. (2017:7) mentions that those channels can be the mass media, personal channels of communications and observations by people. Voltan et.al (2016) states that other important factors for the diffusion of SI can be partnerships and personal communications. The people who transfer the ideas, are being engaged in various ways, such as customers, collaborators, producers and so on, and in this way they affect on diffusion also.

Sometimes, technological advancements are helping the diffusion of innovations to be more successful. Ornetzeder (2001:105) is one of the authors, who draws our attention to this idea. The author brings the example of self-construction movements and their diffusion strategy (Ornetzeder 2001:108) where there were two important factors for successful diffusion of social innovation, those factors (circumstances) were comprehensive diffusion strategy and the role of atypical (unusual) innovators. According to the author, political support, competitive prizes or marketing programs were not the main factors for the success of diffusion, they were playing a role, but not primary. In this case, there was quite an *organized group,* with their own self-reliant programs, and this was the main factor for the successful spread of innovation. These self-reliant groups spread across the country and became the carriers and main engine of social innovation and social movement. Another factor for the successful diffusion of innovation is the perception that the specific social innovation is *much better than the previous thing it takes the place of* (Ornetzeder 2001:112).This is because the "relative advantage" is a central idea in the theory of diffusion, as it was also the case of solar heaters in Austria, where the advantages were that the new solar heaters were labor-saving and comfortable for individuals. Ornetzeder (2001:113) mentions that very often diffusion of social innovations brings to *technical optimizations*, which is also a reason to engage more people in the process. In the case of Austria, we can say that that was a social innovation which " was based on local traditions and the commitment of interested people" (Ornetzeder 2001:114). In the case of solar system diffusion in Austria, the innovators also had a *diffusion strategy,* the strategy includes *introductory lectures and* excursion to self-

built solar systems. All in all, in the case of Austria, the success of innovation diffusion was connected as previously mentioned, relative advantage phenomena, which meant, that there was quite an old technology which had to be replaced.

When social innovations are diffused, there can be various factors affecting this process. According to Luisa Schumann et. al. (2017:7), one of the factors is the engagement of the entrepreneur, who makes the innovation more attractive for businesses and so on. Thus, if social innovation is "inspiring, creative and engaging", it is more probable that it can are diffused around the world and travel to other places, go out of its place of origin (Murray et. al. 2010: 84). Moreover, Dees et. al. (2004:26) defined three forms/models that social innovation is being diffused in: *Organizational model*, which is a specific structure to mobilize the citizens and resource in order to accomplish a common goal. In this case, quite often, the social entrepreneurs are founding specific organizations, which later on work on making a social impact in different communities; thus, an organization spreads the socially innovative ideas across other communities, both inside one country and outside of that country. Next model is the program, which is set of actions which serve a specific goal. *S*ome of the social innovations are being spread as *principles*, which are guidelines about how to serve a given purpose.

As social innovations are taking various forms when being diffused, it is quite central for the social entrepreneurs to comprehend exactly, in order to know what is the worth and effectiveness of the innovation to be spread across communities. Dees et. al. (2004:30) indicate the five R's strategy for spreading the innovation more smoothly, which are the following: readiness, receptivity, resources, risks and returns. *Readiness,* are the key drivers and elements needed for beginning the spread of an innovation, in case those elements are not present, the innovation is not ready to be diffused. *Receptivity:* in some cases , social innovations are originated in one culture and once they are being diffused to other cultures, there is fear of non-receptivity. Thus a very essential precondition for the successful diffusion of social innovations is the recognition of social needs by the communities that social innovation is being implemented. This is because when communities already are aware of their own social needs, they are more ready and keen on adopting innovations and spend lots of efforts on making them as effective as possible. *Resources,* when the successful diffusion of social innovation it is necessary to have enough resources, which can be financial, non-financial (e.g. partnerships). *Risks:* one more important precondition, before deciding to implement a social innovation, is to measure the possible is the failure in implementing it correctly, or weather the social innovation will have the predicted affect and outcomes. *Returns* is the stage when the social entrepreneurs are trying to understand which of the plans are more effective, moreover, it is also crucial to know whether the is accessible for more people and with high quality.

Luisa Schumann (2017:32) presents three crucial drivers for social innovation diffusions (see appendix 2), according to her research, the main factors for the social innovation diffusion are *social need* as in most of the cases, social innovations are being created to meet social needs, and very often, the social need is not only the main goal but also main drivers of the further diffusion. The next driver is *compatibility,* which, as Boons et. al. (2012:15) point out, is for example the relevance of innovation with the company's business model. Thus, as I have previously mentioned, the innovation is more probable to be adopted if it has more compatibilities with the environment it is being adopted. *Motivation* is also considered as a factor of social innovation diffusion, as this is quite interconnected with the factor of social need, as the motivation is coming from a social need many times. Recently, the diffusion of socially profitable

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innovations have become quite widespread, but at the same time they are having difficulties to scale up in place where there is a need for them (Waitzer et. al. 2011:143). Here we can note, that social innovation also spread because of an urgent need in a specific society.

Another stream of literature, such as Booms et; al. (2013) find that social innovation can have other kinds of drivers to spread and travel around the world, for example, *incentives and financial benefits of the adopter,* which can highly affect on the adoption of an innovation. Others, for example Ornetzeder (2001), Howaldt et. al. (2016) mention that diffusion of social innovations can be driven by (and also characterized as) social movements. Moreover, it is also believed that social innovations can be highly spread and lobbied by *social movements and some groups, NGOs* in the community can become central actors in spreading the innovations in communities and spread them to other places in a form of chain. Moreover, Granovetter (1973:1363) highlighted that "weak ties" (acquaintances) are of great importance in the process of SI diffusion, in opposite to strong ties, for example friends and family members, because, in this case, the weak tights make it easier to transfer information and innovation among these groups.
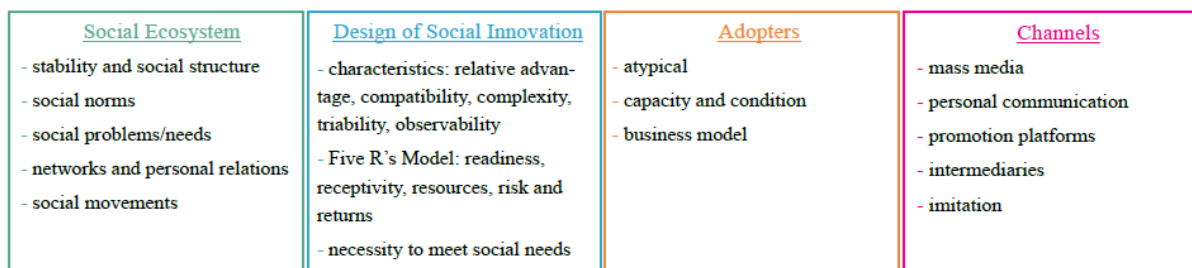
Luisa Schumann (2017:8) represents the DSI (diffusion of social innovations) model for social innovation diffusion , which is built on the Rogers (2003:11) four elements of diffusion of innovations, innovation, communication channels, time and social system (which I also mentioned above) , later on , fours additional elements were contributed to those ones, design of social innovation, channels, adopters and social ecosystem (see figure 7).

Elements of conventional innovation		Elements of social innovation
innovation	⟶	design of social innovation
communication channels	⟶	channels
time	⟶	adopters
social system	⟶	social ecosystem
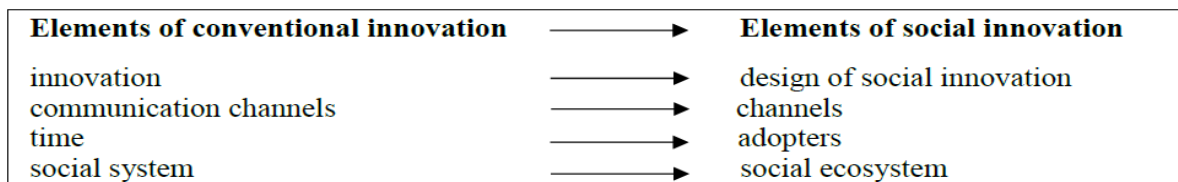
Source: Luisa Schumann et. al. (2017:9)

Figure 6. Transformation of elements

DSI model (see figure 8) already shows the necessary features for the diffusion of social innovations, we can note here, that, first of all the structure is presented, which are included in the social ecosystem, later on, we move on to preconditions and design, and here we can also see that the necessity of social need is given a great importance for the social innovation diffusion. In addition to this, social movements and various kinds of networks are considered as crucial factors and drivers for social innovation diffusion.

Social Ecosystem	Design of Social Innovation	Adopters	Channels
- stability and social structure	- characteristics: relative advantage, compatibility, complexity, triability, observability	- atypical	- mass media
- social norms		- capacity and condition	- personal communication
- social problems/needs	- Five R's Model: readiness, receptivity, resources, risk and returns	- business model	- promotion platforms
- networks and personal relations			- intermediaries
- social movements	- necessity to meet social needs		- imitation

Source:Luisa Schumann et. al. (2017:8)

 Figure 7. DSI Model

The next issues worth discussing are the mechanisms of diffusion of innovation, for instance, in order to make the diffusion process smoother and more successful, Murray (2010:92) brings several components for the above mentioned reasons, the first one is the *development of organizational capacity*, which can help to grow the innovation. The next one is *growth through people*, when the people are being involved in spreading the innovation out of organization and so on. *Mobilizing existing organizational capacity* is another mechanism, when various kinds of potential interested organizations are being mobilized to spread the innovation. In addition to this, other means can be support structures, securing adequate supply chains for expanded production, adapting models, open brands and so on. The diffusion can also be adopted through media, events, trade fairs, through web, barefoot consultants, and so on and so forth (Murray 2010:98).

In order to spread the innovation, the innovators should have their own plans and resources to use for the purpose of diffusion. There are several other mechanisms offered by another author, Dees et. al. (2004:28), which are dissemination, affiliation and branching. Dissemination is when the potential community members who want to bring the innovation to their community, are given necessary information and technical assistance. Meanwhile, in case of affiliation, we have several people/organizations who are committed to the same aim and have similar plans. Last but not least, the mechanism of branching, when local sites are being creating via a large organization (Dees et. al. 2004:28).

After looking through all the above mentioned drivers, factors of social innovation diffusion, a summary of the main factors of social innovation diffusion has been created. This table has been created to show the overall results of what different streams of literature on Social Innovation Diffusion have mentioned so far based on the authors such as: Murray (2010), Dees et. al. (2004), Davies et. al. (2013), Rogers (1962), Ornetzeder (2001), Granovetter (1973), (see figure 8).

Drivers for SI diffusion around the world
Social need-necessity to meet social needs
Incentives and financial benefits of adopters
Social movements/groups/NGOs
Compatibility and motivation
Relative advantage
Effective supply & effective demand
Emulation

Inspiration
Partnerships and personal communications/relations
Engagement of the entrepreneur- attractive innovation
SI being Inspiring, creative and engaging
Five R model- Readiness, Receptivity, Resources, Risks and Returns
Weak ties

Source: Author

Figure 8. Social Innovation diffusion drivers

Equally important, according to the same stream of literature, the following are the mechanisms of innovation diffusion: imitation, personal communication/intermediaries, dissemination, web barefoot consultants, events/trade fairs, media, growth through people, development of organizational capacity, mobilization of existing organizations, affiliation.

Before moving on with the next chapter, it is essential to identify a typology for social innovation diffusion , which is based on the literature by Murray (2010), and Dees et. al. (2004).

Typology of Social Innovation Diffusion
☐ Policy diffusion
☐ Behaviour change (e.g recycling)
☐ System change & Organizational diffusion (org. led)
☐ Scaling up (new social enterprise)
☐ Imitation
☐ Branching

Source: author

Figure 9. Typology for social innovation diffusion

1.3 Participatory Budgeting as Social Innovation: concept, origins, diffusion

Participatory Budgeting is a democratic process, which involves ordinary citizens in decision-making over how to spend the city's budget. Joonas Taras defined Participatory Budgeting as followed: *"Participatory Budgeting is a process through which ordinary citizens determine the spending priorities and allocation of resources from municipal budgets"*(Taras 2014:2). In many local communities, PB is a great participatory tool, which is integrated in the political culture of the city without transforming the institutional structure (Jelizaveta Krenjova 2017:37). In other words, it is simply a process which allows the citizens who are not elected, to decide on how the city government should spend the certain amount of budget. The process of participatory budgeting is also not so complicated, even though that differs from city to city. In addition to this, Sintomer et. al. (2013:15) brought the following six typologies for Participatory Budgeting: participatory democracy, proximity democracy, participatory modernization, multi-stakeholder participation , neo-corporatism, community development. Not less important are the principles of PB which should be met: *discussion of financial/budgetary processes, the city level has to be involved, Ii has to be a repeated process over the years, some form of public deliberation, accountability about the final results* (Dias et. al. 2014:29).

The history of PB traces back in 1989, when new democratic aspects have been formed in the political culture of Brazil, and the political party Partido dos Trabalhadores (Workers party) won the local elections in Porto Alegre. The party implemented new form of participatory governance, which was called *popular administration* (Santos 1988:464). When PB first was being placed into process, the idea was to include non-elected citizens for the allocation of public money (Sintomer et. al 2013:26). PB was first realized in a country which has a history of dictatorship, and then spread all over the world. Various cities had different reasons for the implementation of PB, even though in Brazil it started as means of creating more democratic political culture and a good way to gain popularity (for the political party who proposed it), the motivations vary from country to country and city to city. In Brazil, especially in Porto Alegre, (the city which has always been opposing the central government) the project was implemented when the re-democratization of the country has started and the winning political party (Workers party) promised the democratization of the city, hence the project came perfectly to realize those promises, also, by using this project the new party has gained more followers (Novy 2005:2027). When participatory budgeting was being adopted in Porto Alegre, it has been also experimented in several other small cities in Brazil, however, in Porto Alegre, it was pushed by the ruling political party (Partido dos Traballhadores) and the civil society, hence, it was a top-down and bottom-up process.

Furthermore, in original form of PB (in Porto Alegre,Brazil), there are various kinds of assemblies, which happen for the citizens to gather and discuss their problems and suggest solutions, all citizens are allowed to take part in those meetings. Later on, delegates are being elected (having one year mandate) to reach the voices of citizens and suggestion to the city council, and the city council is the body who makes final decisions whether to accept the suggestions or not. There were different actors involved in the process of Participatory Budgeting in Porto Alegre, however, they (the actors) have been changed throughout the time, NGO's played a crucial role at the beginning, later on, they lost their influence gradually, meanwhile political parties started to take the lead and use the PB for their own interests.

1.3.1 Participatory Budgeting as Social Innovation

Participatory Budgeting is a form of participatory democracy, because, it is a process when citizens take part in decision-making processes concerning the city budget in a transparent way, including all kinds of citizens. Cibolla et. al. (2016:6) consider participatory democracy as social innovation for certain reasons, first of all, because participatory democracy creates new ways for representative democracy and elective institutions. Moreover, it changes the relationships between the citizens and local governments, given chances to more citizens to take part in   process and politicians have more chances to be in touch with ordinary people. In the framework of the above mentioned, participatory budgeting is the most spread and well-known practice of participatory democracy, simply to put, participatory budgeting is fulfilling all the requirements to be considered a social innovation in a form of participatory budgeting. There are several other reasons why Participatory Budgeting is considered as a social innovation (Cibolla 2016:7), it is believed that first and foremost, Participatory Budgeting is an idea, initiative, activity and at the same time a process, which are associated with certain social relations related to novel ways of doing the following things:
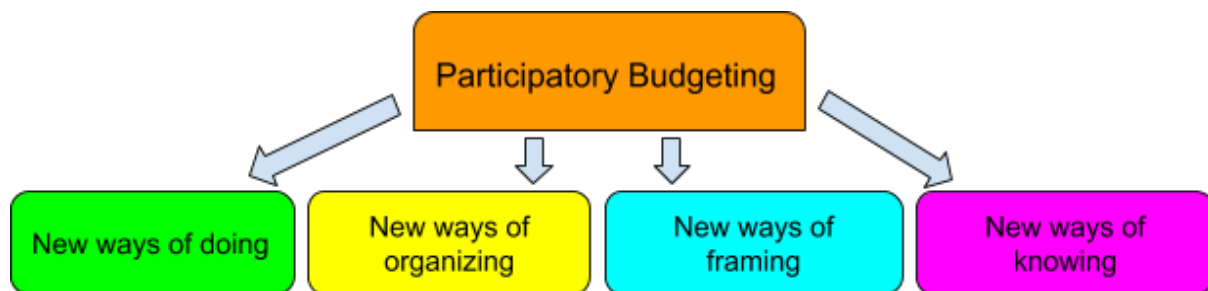
Source: Author

Figure 10. Novel ways of doing things, which bring changes in social relations

When saying new ways of doing, they mean for example when in case of Participatory Budgeting process assembly meeting are being organized where citizens can deliberate on the city's budget allocation. By saying new ways of organizing it is meant the way citizens are taking part in the decision making process, how easy and transparent it became. Participatory Budgeting is also creating a new way of framing, for example the relationship between the citizens and authorities. In case of Participatory Budgeting, the whole process does not only include participation and deliberation, but also, education and learning from the citizens, because the city council is organizing all possible means to inform and educate the citizens about the policy processes and so on, this is what the authors called new ways of knowing.

Andreas Novy et. al. (2005:2023) mention that they consider Participatory Budgeting as social innovation which is a process linking civil society and state, moreover, it is a completely new way of local governance (Novy 2005:2032). Due to this social innovation, in a form of Participatory Budgeting, several social needs have been tackled upon in a new and innovative way, for example, the segment of citizens, who were not paid equal and appropriate attention before, are now more taken care of and their needs are met. Another type of social innovation that Participatory Budgeting accomplished, was the change of how citizens and local governments communicate, before, it used to be more hierarchical, later on, it started to be equal, and those groups who used to be left out, can already present their own interests.

Another social innovation can be considered the social inclusion and the interests of public sphere and a group in general was taken into account instead of personal interests. Novy et. al. (2005:2033) emphasize the fact that when Participatory Budgeting was used by the citizens and civil society to solve social problems and form new processes for doing various things in the city, it hasn't been used as a tool against the government, vice-versa, it served as something which happened between the civil society and government to meet their goals. When the democratization was taking place in Brazil during the 1970s and 1980s (after the collapse of longtime military dictatorship from 1964-1985), Participatory Budgeting had a smoother way of implementation and came as an innovative mode of solving social problems, such as disadvantaged communities, social inclusion and so on.

Participatory Budgeting first and foremost aims to secure more social inclusion, simply to say participation by various social groups and the effect that participation has. One of the crucial impacts PB and it is a strategy for more participation provided was that lower income areas became to get more investments, which, in its turn, decreased the level of poverty in those regions which suffered from poverty. Thus, Participatory Budgeting, as a new way of solving social problems, for example by allowing people to take part and present their own problems, providing equality among community members, is a social innovation, as it solves problems in the community offering new and more effective ways for it. It is crucial to note, that since it's implementation, Participatory Budgeting had a great social impact in various cities, for example in Brazil, the initiative raised the participation levels of woman and poor people, improved infrastructure, and made the political culture more transparent and comprehensive (Godwin 2018:145). Hence, Participatory Budgeting is without doubt a social innovation, due to the undeniable fact that it emerged out of then needed for new solution to social problems such as poverty, inequality, inaccessibility to certain things, corruption and so on. The initiative made changes starting in its original place (Porto Alegre, Brazil) which made its appealing for other cities to adopt it.

1.3.2 Theoretical framework for Participatory Budgeting Diffusion: motives and conditions

Participatory Budgeting initiative was quite successful in Porto Alegre, the proof can also be considered the fact that the initiative was diffused across various continents since 1990 quite quickly. PB got recognition in various countries as a democratic innovation to tackle upon different social problems. The initiative was enacted in various contexts and environments, taking different forms and for there are different explanations, however, each case has its specific explanation. I shall discuss how Participatory was diffused around the world and what conditions existed for the adopters to implement the Participatory Budgeting.

Since its implementation, Participatory Budgeting have been implemented in more than 2800 cities (Porto et. al. 2017:63), some cities implemented it because they wanted to create more democratic way of decision-making at local level, some of them adopted with the desire to fight against the corruption, and solve some social problems which haven't been solved by any other means. At the same time, it is worth mentioning that some local authorities might implement the programme because they are somehow obliged by international organization, fro example when they receive funding for democratic and transparent governance policies, the others, might be interested and encouraged by the success of similar cities, or it might be because they want more deliberation and citizen mobilization, transparency and accountability, civic participation or improve the process of policy making. Those are few examples, however, not the only ones, as throughout this paper, I'll try to understand various reasons/motives and conditions behind decisions for enacting Participatory Budgeting in different cities.

First of all, let me shortly explain why Participatory Budgeting emerged and got diffused in Brazil, later on I'll move on to its global diffusion. There were few crucial factors that have pushed to the implementation of Participatory Budgeting in Brazil, first of all, it is the increasing amount of *social movements* against the government's before 1988 (when Workers Party came to power and implemented PBin Porto Alegre) election, the movements were called " Movimento dos sem terra" and the main aim was to demand more participation by citizens in decision-making process as a part of social inclusion, so , simply to say, a *demand by the citizens* (Rojas 2005:11). The next important factor is the issue that *left wing parties* (such as Workers Party) *was able to win more and more votes*, and the implementation of Participatory Budgeting was at the center of their electoral campaign as a form of governance reforms. Moving on, in 2000s, *the revenues of local governments have been increased,* as Rojas (2005:11) mentions, municipalities were gaining 19% of public revenues and 13% of public expenditures. This gave opportunity for the city council to allocate money for those kinds of processes such as Participatory Budgeting. After 1990s the process have been diffused in Brazil quite quickly, for example, from 1993 to 1996 there were 36 PB processes and from 1997 to 2000 the number was already 70, later on, it reached until 180 (Rojas 2005:11). Afterwards, Participatory Budgeting began to spread across Latin American countries as a great tool for deliberative and participatory democracy.

According to Wampler (2018:6) the main reason for PB adoption are international advocacy organization, international donors, also, according to him, there is a huge amount of literature on Participatory Budgeting, and they have different reasons for enacting this democratic process, the reason can the following based on different authors: Goldfrank (2011) - government's ideology, Avritzer (2002) and Baiocchi (2005) - civil society mobilization, Santos (2005) - democracy promotion, Porto de Oliviera (2017) and Goldfrank (2012) - international organization (pushed by), Wampler (2007) - government's electoral incentives, McNulty (2013) - nationally mandated programs.

Moreover, there are also *individual actors* who push forward the idea of Participatory Budgeting adoption, and they are called "Ambassadors of participation", the ambassadors of PB are people mainly from Brazil and parts of the world where PB was successfully adopted who went to different parts of the world to spread the idea and create cooperation between the two local governments in order to transfer PB from one place to another (Oliveira 2017:63). For example the diffusion of PB in the Brazilian municipalities happened due to these ambassadors, who were PB militants and lobbied for this idea from one city to another and also to international organization such as World Social Forum and World Bank.

Participatory Budgeting was emerged as a democratic innovation that is why the process was mostly initiated and enacted more by political leaders and activists then by local governments, for example in case of Porto Alegre it began as a governance reform by Workers Party, who came to power right after Brazil ended the military dictatorship and began the democratization process (Godwin 2018:135). Moreover, Godwin (2018:135) mentions that a motive for other municipalities and cities to enact Participatory Budgeting can be considered the *successful example* of Porto Alegre and cities like it, which adopted Participatory Budgeting and managed to make reforms such as inclusiveness, more participation of poor and woman, transparency and so on.

Moreover, it is of utmost importance to mention about the main conditions which are usually taken into account when the respective actors plan to implement Participatory Budgeting. Wampler (2018:6) mentions scale (weather its city, federal or county), funding mechanisms (how much resources/money there is for PB?), political economy (funding can be available/allowed by government depending the situation, there are scarce resources or plenty), political parties (role of political parties in the implementation of PB), executive - legislature relations (Compromise between adoption by legislative vs executive body), state - society relations (various kinds of relationships between civil society and the state) and civil society. Overall, to conclude the investigation about the motives for enactment of Participatory Budgeting in various cities of the world, the following table presents the most widespread ones taking based on the diverse streams of literature.
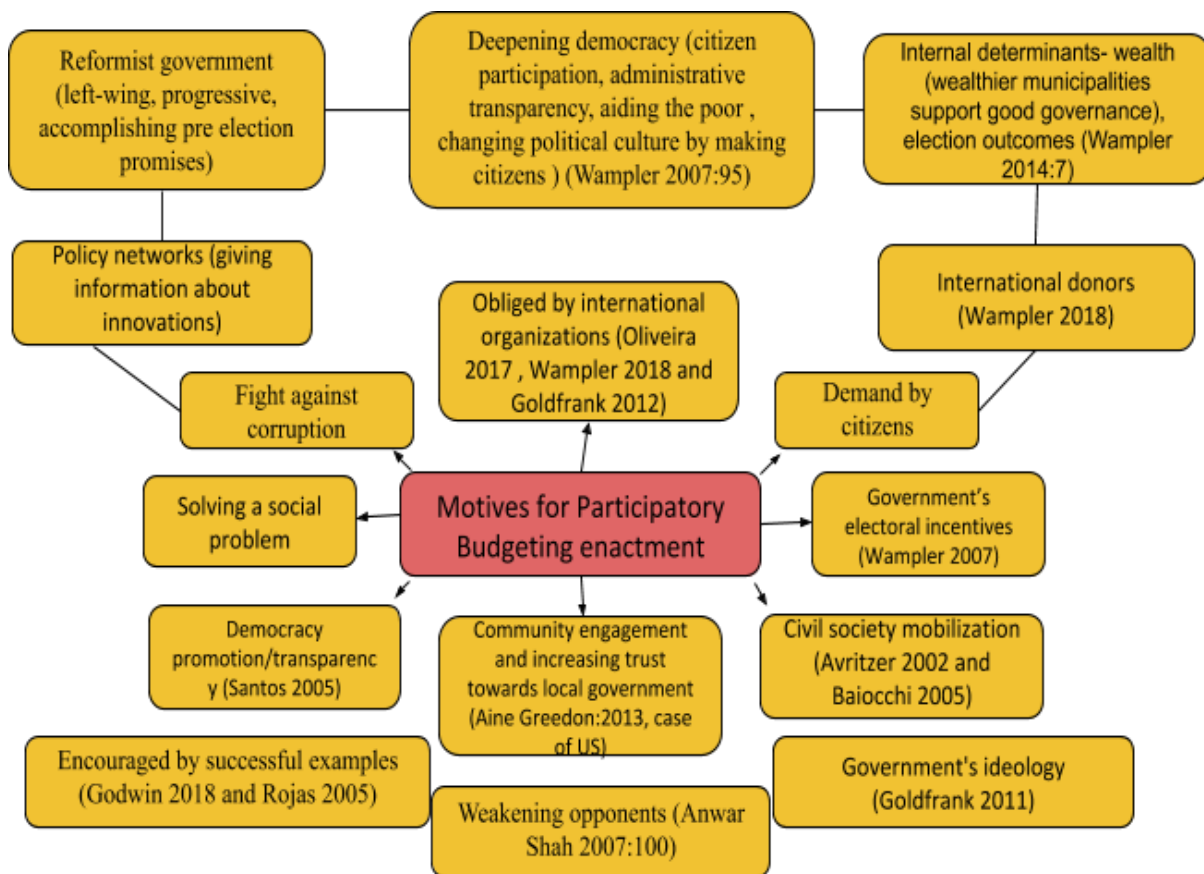
Source: Author

Figure 11. Motives for Participatory Budgeting enactment

Except for the motives, it is essential to note the most common conditions of PB according to various streams of literature. The most common conditions are the following: scale (weather its city, federal or county), funding mechanisms (how much resources/money there is for PB?), political economy (funding can be available/allowed by government depending the situation, if there are sufficient resources or not), political parties (role of political parties in the implementation of PB) executive- legislature relations (Compromise between adoption by legislative vs executive body), state - society relations (various kinds of relationships between civil society and the state), civil society, political environment (Wampler 2002:6).

2. Background: Participatory budgeting history and practice around the world

2.1 Participatory Budgeting origins: the case of Brazil

Participatory Budgeting has emerged in Brazil during 1980ies, as a participatory democratic tool, which, as mentioned previously, was initiated by the winning Worker's party, who promised various public administration reforms during their election campaign. In this chapter, I shall try to describe the process of Participatory Budgeting adoption in Brazil, Porto Alegre in detail. The main reason that the authorities decided to implement Participatory Budgeting was to decrease and allow the poor people and disengaged ones to take part in the decision making policies. Brazil had experienced many years of military dictatorship and the Workers Party, which was a result of labor movements, was one the powers which opposed the dictatorship, the won the local elections. The party started to introduce various kinds of innovative initiatives, one of which was Participatory Budgeting (sometimes also called a Porto Alegre project), which became quite popular in Brazil and the world in general.

When the Workers Party came to power, one important thing to mention is, that they implemented also a new policy in public administration, which was called "popular administration" (Santos 1998:309) which aimed to make institutional innovations, in a form of making the citizens take part in the allocation of public money and decide for what the money should be spent. It can be said that the Workers Party did success because it gained more and more popularity and trust by implementing this socially innovation policy. In the framework of innovative public administration, city government divided Porto Alegre into sixteen regions in order to start implementing Participatory Budgeting (Marquetti 2012:67). Later on, there were several regional meetings, organized and run by the city government, the topics/agenda was decided by regional representatives and local municipalities. The citizens were taking part in the meetings and making their messages heard for authorities, moreover, except for presenting the priorities, citizens were also choosing delegates to present them later (can be considered as a form of representative democracy), the delegates were playing

the role of mediators between the citizens and city government constantly. The next stage in this process was to set a budget, where each regional assembly was deciding what are their needs first and foremost. The budget was being allocated taking into account the lack of public services, how many people live there and so on. The last stage already included having control over the real-life implementation of the designed budget.

Santos (1998:314) describes the Porto Alegre Participatory Budgeting process as having three principles, first one is that every citizen can participate in the process, the whole process of participation is happening both through representative and direct democratic ways. Lastly, the budget is distributed according to the general and technical criterion. Thus, here we can also note that PB had the intention to unite the citizens and authorities for making united on the management of the city budget. The whole process of PB in Porto Alegre (see Appendix 3), which is a year-long process starting from various kinds of regional thematic plenaries, later on, priorities are decided, then council voting, and a proposal to the mayor is happening, then the council meets for their investment plans and final step is the implementation of the projects agreed upon by the parties.

It is of utmost importance to mention that Porto Alegre and other municipalities in Brazil were practicing participatory policies in order to somehow affect the federal government (Souza 2001:162). The citizens of this city were always opposing the central government and always had social movements (Sintomer et. al 2013:25). The active citizenship and social movements were another reason to adopt PB in Porto Alegre, of course, combined with the political will of the newly elected city authorities, Workers Party. The PB implementation in Porto Alegre was both top-down and bottom-up process, which was quite pragmatic policy and was accepted and spread in such way in the city, that, when the Workers Party lost its power in 2004 (Sintomer et. al 2013:25) the new government couldn't risk stopping the invention, as it could lose the citizens support. Thus, the main goals for the PB adoption in Porto Alegre were, political (democratizing democracy with the help of grassroot participation and participation of the poor), the next one was social, which sought to change the priorities of policies towards the disadvantaged groups, who have been left out before. The last goal was to eliminate corruption and improve the effectiveness of public policies.

Nelson Dias (2014:156) mentions five reasons which were the reason for PB implementation, first one was the political will of new authorities to make innovative and democratic policies,

second one, the existence of a "critical social fabric", how effective is the shared decision making process, requirements for better administrative management, and lastly, a kind of managing the finances to meet the demands. Except for reasons, Wampler (2000:6) describes also several conditions of PB implementation in Porto Alegre, it is important for the local authorities to have a political will to adopt the innovative policy. These kinds of local authorities usually tend to have the back of citizens and NGO's. Another factor can be the political environment of the city, meaning that the citizens approve the government's decisions by participating actively. An interesting issue to note in the case of PB implementation in Porto Alegre, was that according to the Brazilian constitution of that time city mayor had all the budgetary and administrative power, which means that legislative body has less power to influence the decision of the mayor, otherwise, legislative bodies might tend to oppose the PB implementation, because they do not control the budgetary process at all in case PB gets adopted. Another condition which allowed a smooth implementation of PB in Tartu was revenues and financial flexibility, citizens are having more opportunities to influence one policy-making process if governments are free and have enough resources to complete the projects offered by citizens.

Participatory Budgeting currently has different forms around the world, however, when it started in Brazil, it had several basic rules which are now common in many of the PB initiatives elsewhere. Wampler (2002:7) points out several of them, first of all, the city should be divided into few regions, thus making it easier for the adopters to complete the process. In order to assure the just distribution of resources, quality of life index is being created by each municipality so that they can divide the budget and distribute to the needy regions more than the ones which need it less. There should also be discussion publicly, and delegates should visit the places where money is being spent in order to assure the exactness of decisions. Moreover, there is also a constant mobilization of participants and their delegates, which means, having informational meetings, deliberations, and reports for every year. Last but not least, those delegates who represent the citizens and are chosen by them, vote for the final projects. The following figure represents the roles and responsibilities of government and participants during Participatory Budgeting processes (1st round) in Porto Alegre (Figure 14).

Government's Role	Participants' Responsibilities
• Draws district and sub-districts	• Mobilization of citizens
• Prepares Quality of Life Index	• Capacity-building meetings
• Distributes financial information	• Analysis of financial information
• Bureaucrat is assigned to work with each region	• Preliminary discussions on available resources
• Presents its own projects that it wants participants to approve for implementation	

Source: Wampler 2002:10

Figure 12. Regional Meetings, March-June

The process of Participatory Budgeting, as it started in Porto Alegre, was a year-long process, and the initiative itself was a continuous one, not one time project. Moreover, as have already been mentioned, there are various actors and motivations for the enactment of the innovation, Wampler (20002:10) divides between political and social actors motivations. The motives can be quite various, for example, an ideological one, the desire to secure transparency, effective governance or something as simple as paving someone's street. According to the author, local governments mainly implement participatory budgeting initiatives to raise political support, equal distribution for scarce resources, to educate the citizens and to secure transparency. Interestingly, not only in Porto Alegre but also in general, the local governments implementing Participatory Budgeting are left-of-center and progressive parties (Wampler 2002:17), what happens, is that once a political party wins an election, it tries to make the reforms that were promised during the election campaign by implementing PB. In the case of Porto Alegre, PB also was used to combat the clientelism (exchange of goods and services between people who have different status) as it was a big issue in Brazil at that time, and the practice of PB would allow the fight against it. Moreover, PB also helped to favor poor and disadvantaged groups in Porto Alegre, paying more attention to the neighborhoods which we most in need. This was due to the quality of life index, which allowed to redistribute the resources to the poorer regions more than in other ones, thus, those regions which have a low level of state-sponsored infrastructure have more chances to be paid attention to. Moreover, when PB was implemented, there was a mobilization of people, hence, creating opportunities for the citizens to learn more about the policy-making processes and raise their awareness of political and social issues in general. Mainly, the reformist

parties in Brazil were thinking that the awareness of the citizens about political and social processes makes the social change hard to achieve. Thus, raising the consciousness of their citizens, reformist parties hoped to make changes in politics, economics and social life of the country. Last but not least the Workers Party of Brazil also sought to decrease the corruption and increase transparency, as corruption was quite widespread in Brazil, one way to combat against it was to give the citizens power to control the money. Those were the main incentive of Workers Party to adopt PB in Porto Alegre, the motives vary from country to country and municipality to municipality, however, many times, it coincides with the ones mentioned above.

2.2 Participatory Budgeting diffusion around the world

A very interesting thing to note while studying Participatory Budgeting is the speed of diffusion around the world with very few changes in the main process of PB initiative. So, in this section, I shall describe the process of how PB mushroomed around the world from 1980ies until this day. When PB was applied in Porto Alegre, the initiative by reformist and new elected Worker's Party was quite successful, as successful that many cities in Brazil started to be interested and applied the initiative, which led to isomorphism (similarity of the processes or structure of one organization to those of another, can be a result of imitation or independent development under similar constraints) of PB around Brazil. At first, PB attracted various municipalities in Brazil, later on, it was known outside of Brazil, in other countries of South America. After the implementation of PB in Porto Alegre, Worker's Party started to promote it to other municipalities in Brazil, and by 2004 there were more than 300 PB initiatives in Brazil. Afterward, PB was spread in communities which were not controlled by Worker's Party, which also proves how efficient and popular was the innovation that even then opposite political parties started to adopt the idea. Wampler (2014:9) brings several explanations for the diffusion of PB among Brazilian municipalities, first one is the *elections*, which is quite a good incentive for the mayor and city authorities, in general, to adopt new and innovative initiatives in order to gain votes and attract new segments of voters who otherwise would not be interested in their policies and campaigns. The next driver for the diffusion of PB in various Brazilian cities was the policy network, when civil society, NGO's and other networks which try to solve social problems, are communicating with the city

authorities, giving them information about innovations and the city governments takes the initiative to enact it, which also gives them more chances to gain more popularity. *Internal determinants* are another driver, for example, there is a belief that the wealthier the population, the more they require to take part in the decision-making processes, for example, in Brazilian cities, PB was implemented first of all in the communities where the living standards of citizens were higher. Another driver for PB adoption in Brazilian municipalities, is the regional determinant, as Brazil is divided into five regions (south, southeast, northeast, central west, north) and the PB was originated in the South, many mayors in the south part who were not from Worker's Party did not adopt PB as it would seem to copy from their opponent parties, meanwhile, other mayors who were representing other political parties and were not from the same region, adopted PB as it gave them more political outcomes.

Brazil has an overall 5.500 municipalities and the diffusion of PB among those communities PB diffusion happened with several waves (Wampler 2014:12), the first period can be considered 1989-1996, in 1989 it started in Porto Alegre, with the cooperation of the mayor's office and the civil society, During the re-democratization of Brazil, many municipalities in the south of Brazil were electing Worker's Party and the party on it's turn was implementing PB as an innovative governance tool to attract and make their voters content. According to Wampler (2014:14) from 1989 to 1996, 21 out of 27   where PB was enacted, was governed by Workers Party, thus, the implementation of PB in these municipalities was connected with the presence of Worker's Party. However the image started to change when municipalities governed by other parties initiated the innovation. The next period of PB adoption was from 1997 to 2004, during this time the number of PB's gradually rose, which can be explained by the fact that other parties which were not representing Worker's Party, were pro good governance initiatives and wanted to adopt PB in order to avoid giving chances to their counterparts (e.g. Worker's Party) to attach them by the lack of PB. In conclusion, the diffusion of PB initiatives throughout Brazil happened quite quickly and by various stages, during the time the drivers   and motivation for PB adoption has changed, but the main ones were in the beginning electoral success and desire of authorities to improve city governance, the initiative mostly was spread with the help of cooperative actions by Worker's Party and civil society organizations, later on, the innovation was spread by other political parties seeking to gain popularity using already a well known participatory democratic governance tool in order to be able to combat with Woker's Party in case they would want to take

advantage by using PB. The process of PB diffusion across Brazil is presented by Wampler (2017:6) as follow :

1990-2000	Workers' Party and other leftist parties	130 cases (Wealthier communities)
2001-2008	Multi party adoption	208 cases (Wealthy and poor regions)
2009-2016	Workers' Party	100+ cases (slow adoption)

Source. Wampler (2017:6)
Figure 13. PB adoption in Brazil

After the diffusion in Brazil, PB started to get popularity in other countries across South America. Here the diffusion was important first and foremost because PB helped the equal distribution of wealth among the poor and disadvantaged groups. When Participatory Budgeting was popular in Brazil, many Latin American countries were having a period of decentralization and democratization, and this was a driver for PB diffusion to other countries of Latin America, especially in those places where the leftist parties were cooperating with civil society organization which wanted those kinds of programs to improve the governance and quality of life in the cities (Goldfrank 2005:5). In a very short time PB began to spread in Latin American countries, between 618-1130, (Gianluca Sgueo 2016:1) such as Uruguay, Argentina, Ecuador, Peru, Bolivia, Mexico, Colombia, El Salvador and so on and so forth. Moreover, in 1990 PB was considered as the best practice during the UN Habitat Istanbul meeting of 1996 (Ganuza 2012:7).

One of the countries that implemented PB in Latin America was Argentina, which had many institutional instabilities, military interventions in the political life of the country, until 1980ies, later on, in 1983 democratic institutions started to be formed in Latin America, however with lots of ups and downs. Even though Argentina somehow recovered after the 2002 economic crisis, and started to have economic growth, still the income distribution between the citizens was unequal. Already in 2008, La Plata, the capital city of Buenos Aires, a student city with the population of about 765,378 , started to enact PB in the city. The motive of enactment was first of all the increase of citizen participation, which was also promised during the election campaigns of (by the newly elected mayor Pablo Bruera), and when I was elected, he tried to use various ways in order to institutionalize the ways of citizen participation. In case of La Plata, the organizers took the example from Brazil, however, taking into considerations the city's peculiarities. Moreover, in this case neither the

civil society, not the opposition parties were requiring such initiatives, hence, PB in La Plata was a *top-down process*. Later on, the city authorities decided to add the new way of participation, the online voting, in order to secure more participation by the citizens (Belo Horizonte model o PB in Brazil). If we conclude the results of PB implementation in La Plata, we can note that the results were quite positive, as it affected for example on healthcare improvement, participation of excluded citizens.

Already in 1990 PB was adopted for the first time in Uruguay, Montevideo. The process included deliberation, direct voting, e-participation and it mainly aimed at increasing the citizen participation, social equality, accountability and so on. It is believed that the main aims of the initiative was accomplished, and the democratic innovations were fulfilled in the city (latinno.net). Meanwhile, in Colombia, the PB started from the capital, Bogota, in 1990, again, for the purpose of including more and more citizens in the government's decision making process and the services it provides. In this case, the city was divided into 20 municipalities in order to provide equal opportunity for each district to decide their own priorities. In Peru, it started in 1999 in the district of Lima, Villa el Salvador, and was backed by a governmental program, meanwhile in Mexico it started only in 2011 and was aiming to allow citizens decide on what services should public resources be applied to. In Paraguay (Asuncion) and Panama (Panama city) the social innovation reached a bit late, only in 2015 and 2016, where only Panama uses the online voting process, however, both had the same incentives for implementing, which was, to include the citizens in in the governance process as well as increase the information level of what are the condition and needs of the municipalities. From the Latin American countries, it is only Guatemala which did not institutionalize the innovation, however, it exists in several municipalities of the country. Hence, as we can notice, most of the municipalities in Latin American countries implemented the innovation to increase citizen participation, better understand what the cities need and, sometimes, to gain popularity (in case of political parties), and most of the process have been backed up by the local governments. In conclusion, there are overall 1130 examples of PB in South America, which is one third of PB cases in the whole world (Gianluca Sgueo 2016:3), which means that almost all the countries in South America have PB cases (it should be one more time noted that there are more or less between 1 269 and 2 778 PB examples in the world , see Appendix 4 for a clearer picture about PB cases around the world.

After the Latin America, Europe became a pioneer continent where PB was spread (Ganuza 2012:7). In Europe, the number of PB initiatives is more than 1300 (Gianluca Sgueo 2016:1). According to Sintomer et. al (2008:164) most of the European cities adopted "Porto Alegre Model" of PB, and in other cases the model if a bit different from Porto Alegre, in a sense that it includes NGO's and civil society actors instead of citizens directly. Most of the characteristics stay the same, for example, the same way of resource allocation, co-decision making between the citizens and the state etc. An interesting fact to note about the PB diffusion in Europe is that before PB came to Tartu, there were various already existing initiatives in European cities, such as "community funds" and "public/private negotiating table" (Sintomer 2008:171), which were quite important for the further smooth implementation of PB in those places. Moreover, the PB programs when spreading in European countries, sometimes diverged from the original form of Porto Alegre, making the innovation suitable for this or that specific characteristics of the city. For example, in some cases, the most important issue in PB was the participation of socially disadvantaged groups. Many PB processes in European cities (such as Germany, France) predominantly use the consultative processes, which is actually decreasing the role of citizens in decision making, because in this case the city authorities decide on which projects are more important and which are not, and civil society has little impact on the processes. In some cases the citizens are being randomly chosen to participate in the discussions, sometimes from election registers or individual invitations. So, except the consultative model, there is also proximity model of PB in Europe, which is also influenced by Porto Alegre model of PB. Proximity model also refers to geographical proximity, in a sense that the meetings are organized in not only in the city hall only but in various neighborhoods, the second meaning is that the city authorities are quite close to the citizens (Sintomer 2008:173). Meanwhile the consultation model presents the idea of first of all making the budgeting process of the city more transparent, sharing information via mass media and brochures.

PB processes in Europe were initiated both by states and supranational organization such as European Union (EU). World Bank (starting from 2002) in its' turn allocated approximately US$280 million grants and loans to the cities (about 15 countries) of European Union in order to implement PB, mainly, aiming to increase the transparency in budgetary process and accountability (Gianluca Sgueo 2016:1).

An interesting question here is why the PB was diffused throughout Europe, as in case o Brazil, Porto Alegre, we can understood that it was driven by the new democratization processes after a long time military dictatorship. Gianluca Sgueo (2016:2) mention that between 2002 and 2010 the citizens dissatisfaction towards the governments in EU countries increased from 31 % to 43, and the political parties lost the trust from their voters, which was also partly connected to the economic and financial crisis. Thus, the governments, local authorities and supranational organizations started to think about new methods and ways of involve the citizens in the decision making and policy-making processes, PB can be considered one of those innovative ways of involving citizens in policy making processes and strengthening participatory democracy.

It is worth mentioning, that unlike the PB implementation incentives in Brazil (improving social justice), PB enactment in European countries have been with the motives of *rebuilding democratic participation, making the civil society stronger, fight against corruption, build transparency and accountability and modernize the services provided by the state.* The reasons were different from city to city and country to country, for example in France, PB was adopted after loi Vaillant (new laws about municipalities) entered into force in 2002, in Germany, because the authorities wanted to decrease public depth, and spend the resources in an effective way. Later on, Poland was the considered the country which has more PB initiatives, after it introduced a law giving more resources for local municipalities to increase participatory democracy. According to the data provided by Gianluca Sgueo (2016:3) already in 2012 PB examples in Europe reached up until 1300, it was estimated that in general 8 million EU citizens were practicing PB (e.g Spanish -5.3%, German 1.4%, Portuguese and Italians 1%). The approximate picture can be seen in figure 16.

2001	PB is introduced in France, Spain and Italy
2008	Lisbon becomes 1st EU city to introduce online PB (Cologne next one from 2007)
2008	In Sweden PB experiments are being promoted across the country
2009	Poland adopts a law establishing a fund to support the establishment of co-decision-based PB at local level.
2014	Paris adopts to the largest PB in Europe

Source. Gianluca Sgueo (2016:3)

Figure 14. PB timeline in EU

In addition to the state and local authorities, supranational authorities such as World Bank and UN also supported the diffusion of PB across Europe, World Bank being the most involved one among them, after these two, EU is the next biggest supranational organization to support the diffusion of PB for inclusive, transparent, participatory local governance, for EU, PB is also tool for increasing accountability.

While we see that PB in Europe spread quite smoothly and comparatively quickly, the same can not be said about the United States (US). In the US PB has spread slowly as by 2018 the number of cities which adopted PB was limited, moreover, the number of citizens who take part and money assigned for that purpose are also limited. However, during the recent years, PB showed better results, as it started to be diffused in more and more cities in the US. The main reasons for PB not being quickly diffused were a very little political support and inappropriate distribution of resources.

Nelson Dias (2018:162) mentions that the first cases of PB in the US were in Long Beach, Lawrence, Clarkston, Cleveland. In some cities, such as New York, districts which used to have PB processes started to drop the practices, reasoning its' halting progress. "Participatory Budgeting Project" provides an information about approximately 250 PB cases in the /north America. Some papers have been written about the possible implementation of PB initiatives in the US before it was even applied, for example, William Nylen (2003) "Participatory Democracy versus Elitist Democracy: Lessons from Brazil", which served as a guiding academic literature in this field. In 2010 PB was implemented in Vallejo via Chicago, (Aine Greedon :2013), allocating $1.3 million for this purpose. The city authorities reported the positive results of the PB implementation, for example, the interesting and useful projects that citizens created and support for the ruling party to be reelected. Already in New York city, PB was enacted in a result of a cooperation between the council member (Melissa Mark-Viverito) and a local organization (Community Voices Heard). They enacted PB because it was a good way to empower the citizens, inclusion of people who were not included before, as the research showed that 44% of the citizens have never worked with the city council and community to find solutions for community problems. Afterwards, PB was implemented in the city of Vallejo (2012), a city which was having bankruptcy and the city council member started to find innovative solution to rise the level of trust from the citizens.

In this case, the city mayor was not the one who was eager to implement the innovation, vice versa, the mayor was somehow against it, however, it was adopted due to the pressure by city council members. The Vallejo example showed that PB initiative gave more confident to citizens to be able to propose demands to the local elected authorities.

Now let us look at the diffusion of PB in Asia, which happened in countries such as India, Philippines, Bangladesh, Indonesia, Thailand, China and Japan. The ways in which PB initiatives have been diffused, were different, but most of the time, they were either initiated by governments or by NGOs or other parties. Most of the PB projects were implemented in Asia by the local actors, either civil society or local governments, only a very small part belongs to international actors, (meanwhile in Eastern Europe international donor and NGOs play most of the role). This fact is being connected to the issue of the history of Asia being more citizen oriented, participatory and accountable (Anwar Shah 2007:189). One of the aims and impacts of PB initiatives in Asia was the increase of citizens' consciousness about their own rights and obligations. The main outcomes of PB processes in Asian countries were improved policy decisiveness, improved trust in government, improved quality of democracy via direct participation.

In contrast to the Asian countries, the Middle Eastern countries put lots of limits for the diffusion of PB initiatives in the regions, because in many countries the governance is not good, the regimes are autocratic and there is not much transparency and freedom of speech, associations and so on. Moreover, there was also a low level citizen participation because of the lack of citizen-state relationship, like in some Eastern European Countries for some time, here also, citizens were just passive recipients of the government actions (Anwar Shah 2007:231).

However, in countries where there is not much citizen participation, accountability and not much desire from the local authorities to make the policy making process more transparent, it is still possible to implement innovations such as PB, if designed cautiously, and little by little those initiatives will starting to have a impact on the country and citizens will see more motives to take part in the decision making processes of their communities. For example, in 2018, the citizens in Egypt could take part in the budgeting process, the main reasons for this were the desire for Egyptian Center for Public Policy (ECPPS) to make the state more transparent and accountable, solve the problem of limited citizen participation (For the first

time Egyptians participate in Egypt's budgeting process 2018, September 28).One of the slogans of ECPPS was "Better budget for a better Egypt", which made the country to improve their score in open budget survey. It is worthy mentioning that in Egypt PB had another name, though it had characteristics of PB around the world and served for similar purposes. PB also has worked well in Turkey, for example, in a city called Canakkale, the initiative was implemented during the 2006-2010 strategic plan of municipal council to overcome the problems of limited participation, monopoly created by certain groups, indifferent participation, decline in citizen interest. In the framework of this plane, the city council decide to adopt PB, in order to include the citizens in the budgetary decision making process, the reason to make the citizens participate in the process of decision making was to inform them about the difficult process of budgeting. In Turkey the adoption was led by the municipal authorities and Porto Alegre model was taken into consideration, thus, the other aims here *were continuous participation of the NGOs and citizens in general in budgeting decisions, to improve the sustainable cooperation among city actors (municipality, trade unions etc), to decide the priorities of the city with the help of locals and to make the authorities more accountable when implementing this or that project* (Akman2009:133). While in Turkey PB was a top-down process, in another country of Middle East, Jordan, the adoption of PB cam as a bottom-up process, as it was initiated by and NGO "Partners-Jordan" having a goal of civic-collaboration, started a an initiative with the Ministry of Municipal Affairs in order to implement PB in Jordan. The aim was to create a transparency in the local governance, making citizens more aware of what needs all have in common, also, to make the Jordanian youth take part in the decision-making process and decide their own future (Haddadin :2017). So far there not much information about other Middle Eastern countries adopting PB, this might be a reason of very little practices of the innovation.

The last region which will be shortly discussed in this chapter, will be Africa, as there have been quite many practices of PBs in the region. Participatory Budgeting in Africa exists and started to spread since 2000s, which resulted to more than 211 PB initiatives in the continent (Miles Abadilla:2014). The African countries which have been studied to be have implemented PB are Ethiopia, Kenya, Senegal, Malawi, Mozambique, Namibia, South Africa, Uganda, Zimbabwe, Benin, Burkina Faso, Ghana, Guinea Bissau, Tanzania, Madagaskar, Zambia, Cameroon and Mali. So far PB was aiming to help the local government to be more accountable and conduct a better governance in the municipality, and until nowadays it continues to gain more and more popularity among the citizens, authorities and other international actors, who are actively involved in supporting the implementation of

PB in African countries. In case of Africa, the main aims of implementing PB were to increase the attention to resource allocation for the poor, create more accountability and decentralization. It is worth mentioning, that, the implementation of PB in Africa was most of the time, a result of the support by UN-HABITAT (in cooperation with other international actors) which was asked by the different cities in Africa. PB was also enacted because of the huge local government reforms happening throughout Africa, for example in Kenya, local authority service delivery action plan was an encouragement for PB implementation in the country.

In conclusion, PB have been mushroomed around the world quite a lot as a social innovation which comes to serve for different purposes, for example, for local authorities, to gain more popularity, make the citizens to understand the complexity of budgetary process, fine better and widely accepted solutions for community problems, equal distribution of resources and more concentration on the poor, educating the citizens about decision-making processes and so on, meanwhile, for the citizens the can be to increase transparency, accountability, then opportunity to decide how their own money (the money of the city) should be spent.

3. Participatory budgeting in Tartu

3.1 Research design, data, sample, and methods

The thesis paper seeks to study the phenomenon of PB diffusion around the world and more specifically, in Tartu, thus, in order to answer the questions why PB was implemented in Tartu and whether the goals of adopters (in this case city government) were met or not, case study approach of qualitative research method has being used. The data was gathered with the technique of key informant in-depth interviews, statistical data from city government and up to date articles on the relevant topic. The main challenges in both data gathering and analysis were the language problem and reaching the officials as they had to find time for the interview. Some of the respondents answered in Estonian and Russian, which was translated in English later on.

3.1.1 Research design: philosophical assumptions and interpretive frameworks

A qualitative research design was used to gather qualitative data for studying the case of PB implementation in Tartu, at the same time using quantitative data, as it is the most suitable method for studying the phenomenon, because the research questions suppose direct communication and information from the adopters of PB in Tartu, as the is the main concept of this study. First of all, as Creswell (2013:47) mentions, qualitative research is conducted in order to have a detailed understanding about an issue, which can only be done with help of talking to people and listening to their own explanations. Qualitative research helps to make the world more visible, having interpretive and material practices which can somehow change some things in the world (Denzin et.al. 2011:3). Creswell (2013:44) also mentions that qualitative study reflects the voices of participants, in this case, interviewees, as well as, the reflexivity of researcher. The philosophical assumption taken for this study is the

epistemological assumption, which includes the researcher being close to the participants, where the points of views of each individual are being taken into account. Thus, knowledge is known with the help of the subjective experiences of people, and the crucial thing here is to be in the place where the participants are from, in order to have a better understanding of their perspectives and views. The pragmatism (interpretive) framework was followed for the research, as a framework which allows using various methods of data collection, in order to have the best results, for example, using the triangulation method of data collection (Yin:2009).

The study has been conducted following the ethical issues of qualitative issues mentioned by Creswell (2013:58) regarding the process before conducting the study while collecting the data, analyzing and reporting the data, which means that the participants have been clearly informed about the purpose of research beforehand, they have signed a voluntarily consent for conducting and recording the interviews, no leading question have been addressed to the participants, all the perspectives have been reflected without siding anyone or disclosing only results beneficial to the researcher. The interview based research is expected to have some validity threats, concerning how reliable is the information from the interviewee, whether they were honest enough in their answers and whether they did not hide any important information. To tackle this issue, the interviewees have promised to stay anonymous in case they say something which might be problematic for them, moreover, the secondary data have been used in a form of articles and statistical data from the city council to support the results.

3.1.2 Qualitative approach to inquiry

As the current study seeks to explore a phenomenon in an extensive and in-depth way and tries to answer the explanatory "why" question regarding the Participatory Budgeting diffusion, (why PB has been adopted, what are the main reasons/objectives) *a single case study qualitative* research method has been chosen. The single case study aims to answer the question of why a certain decision has been made to implement Participatory Budgeting in Tartu and whether the expectations have been met (Yin 2009:17), at the same time, trying to find out whether the case of Tartu corresponds to any of the theories explaining PB diffusion

as a social innovation in other cities. Moreover, the case study has been used because the research aimed to understand a real-life phenomenon in detail. There are several reasons why single case study is being used, some of them are when it is a critical case, which can give an extensive knowledge and test the existing theory, or it is an extreme/unique case, representative or typical, revelatory or longitudinal case (Yin 2009:47).

In this research paper, the rationale for choosing a single case study was *representative case* one, as the case of Tartu has lots of similarities with other cases, for example, as a new democracy, such as Porto Alegre, where one of the principles was to deepen the democracy (Wampler 2017). Moreover, there are various already existing theories about why Participatory Budgeting has been diffused, simply to say, why decision makers adopted it in certain cities, and the study explores where the case of Tartu stands among those theories, whether it confirms the existing theories, or, generate a completely new theory in Participatory Budgeting diffusion, which will be a contribution to the knowledge and/or theory building. The most prominent theories on PB implementation explain that PB is being adopted for democracy promotion and transparency (Santo 2005), governments electoral incentives (Wampler 2007), civil society mobilization (Avritzer 2002, Baiocchi 2005), Obliged by international organizations (Oliveira 2017 , Wampler 2018 and Goldfrank 2012), Government's ideology (Goldfrank 2011), International donors (Wampler 2018), community engagement and increasing trust towards local government (Aine Greedon: 2013, case of US), Weakening opponents (Anwar Shah 2007:100), Encouraged by successful examples (Godwin 2018 and Rojas 2005). Among all the theories, the theory of community engagement and gaining votes were mostly considered for the case of Tartu, taking into account that the process has started right before the elections and that it is newly democratized country. However, the relevance of other theories with Tartu case were not rejected until the final results of the study were known. The case of Tartu has been chosen because Tartu does not have lots of similarities with the other cities where PB already exists. Moreover, Estonia in general is a new democracy, having also young civil society and it is crucial to understand why these kinds of direct democratic initiatives are being adopted and whether they actually meet the expectations. The time frame of the study includes the PB implementation experience from 2013 to 2018, meaning, from the first implementation year until nowadays.

3.1.3 Data collection /sample

The research paper aims to understand the motivations of policy makers, NGO representatives, authorities (which include city mayor, politicians from city council and administrative workers) and in order to understand it, there is a need to ask them, hence, the interview technique of qualitative research is used to collect data. Face to face semi-structured, key informant, in-depth interviews has been conducted with the Tartu city council representatives and administrative workers. The interview questions were almost the same for all the interviewees (see Appendix 5), All the interviews have been audio-recorded, later on transcribed for thematic analysis.

The qualitative research, more specifically in-depth interviews were the most suitable for the current research work, as it gave me the opportunity to understand the issue which is being studied from inside, moreover, as an interviewer, I have more data at my disposal then I would have if I would have made any other kind of research (Mosley 2013:). As my research is not for proving a certain theory, I don't do random sampling, instead, I shall conduct my in-depth interviews using purposive (quota) sampling (Mosley 2013:19), which means, that I shall choose my interviewees based on the role/association they had in the process of enacting participatory budgeting in the city of Tartu.

All the 10 individuals who have been interviewed, were and are representatives of all political parties present in Tartu city council, administrative workers involved in the process of PB implementation since 2013, the mayor and representative of e-Governance Academy in Tartu. The interviewees were all representing city government at the time of PB implementation, however, some of them, are already not in the positions. The participants have been given open-ended questions and their responses were audio recorded (based on their explicit consent). A separate "informed and voluntary consent " form has been signed (see appendix 7) by all the participant's and all of them agreed to not be anonymous as public representatives. The interviews lasted no more than 40 minutes and no less than 15 minutes, as they were face to face interviews, the locations have been chosen by the participants, which were mostly their working offices. As it was a key-informant interview, the sampling

was based on the knowledge, experience, and position of the interviewees, thus, it was a purposeful sampling. According to Tongco (2007:147) *"The purposive sampling technique, also called judgment sampling, is the deliberate choice of an informant due to the qualities the informant possesses"*. In this case, *"the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience"* (Tongco 2007:147). This technique of sampling has ben used because the research questions required information from individuals who have been behind the PB implementation in Tartu city.

The process of data collection was done according to the steps offered by Creswell (2013:162), first of all, research questions have been decided (approximately 10, open-ended, focused in the main phenomenon), later on, the interviewees were identified and chosen with the help of purposeful sampling. The type of interview was a one-by-one in-depth interview, which required the researcher to be in the setting of the research phenomenon. The place and time of the interview have been decided by the interviewees.

In addition to the interviews, several documents and archived records have been studied, some found from the official website of Tartu city government, the others, secondary data, were provided by Lilian Lukka, communications manager of Tartu city government. The documents provided by the city council were al the statistical data on how many people voted every year (2013-2018), what was their age, gender, also, how many people proposed ideas each year, and how many ideas have been presented for voting. Apart from this, some important legal documents have been provided by the city council for understanding what kind of legal changes have been done for the implementation of PB in Tartu.

3.1.4 Data analysis

The aim of data analysis is to interpret, explain, describe and evaluate the phenomena which are being studied. The research data analysis must be conducted in a systematic, comprehensive, accessible and dynamic way to ensure the transparency and credibility of analysis. Thematic analysis (which is a process of segmentation, categorization, and relinking of aspects of data before the interpretation(Grbich 2007:16)) of qualitative data analysis has been used while analyzing the raw data received with the help of semi-structured interviews, because, the main point of working with data is to be able to interpret, and clearly receive the meanings of the stories and explanations of the respondents (Matthews 2010:373). Thematic analysis can give the chance to get the broader meaning from the data. In order to understand the explanations of all the respondents, the explanations of each respondent have been placed along the side of other respondents and the themes from each interview have been placed next to each other to describe the data, understand the meanings from each interviewer, find their relationships, last but not least explain the similarities, differences and relationships between the data. Thematic analysis works with the raw data and continues with the same data during the whole period of data analysis (Matthews 2010:374). Even though the data has been interpreted, it was important not to go too far from the raw data while interpretation, so that each time we analyze a certain data we will be able to go back to the raw data and make links between them. The coding frame of the thematic analysis can be found in appendix 6.

In order to ensure the validity of the findings, strategies suggested by Creswell (2003:196) have been taken into account, the strategies are triangulation, which involves gathering data from interviews, statistical data and media articles, also, member-checking, meaning that the researcher has discussed his or her own understanding of what the interviewee says with the interviewee. Moreover, the other strategy for ensuring validity is spending prolonged time in the field, which is accomplished by the fact that I have lived in Tartu for two years and have been exploring the PB from different angles for about one and half year.

3.2 The introduction of Participatory Budgeting in Tartu: process and obstacles

This chapter will discuss the beginning of PB implementation in Tartu, how it happened, who initiated, and what kinds of obstacles did the city faced while the adoption of PB in Tartu.

3.2.1 The process of PB enactment in Tartu

Participatory Budgeting implementation differs from country to country, in some cases it is initiated by the city government, meanwhile, in other cases, it can be done by NGO's or other kinds of community organizations, thus, it can be a top-down or bottom-up process (Sintomer et. al 2013:25). In the case of Tartu, e-Governance Academy, an NGO based in Tallinn which deals with digital transformation, such as e-governance and e-democracy, was the one to come with the idea of PB implementation in Tartu (the info was received from the key-informant interviews). It all started from an idea offered to the city government, and city government, initiated by the mayor (Urmas Klaas) agreed to implement the innovation in Tartu. According to the e-Governance Academy representative (Kristina Reinsalu), Tartu has been chosen because it is already considered a city with previous civic engagement experiences such as engaging the citizens in the decision making related to public transportation. Thus, the idea of PB itself was somehow not a novelty for the city, which, in its' turn, helped the process of implementation. Taking into account the fact that the idea of PB implementation came from an NGO sector but was accepted with high enthusiasm by the city government, it was both a top-down and bottom-up process (the info was received from the key-informant interviews).

It is worth mentioning, that before the actual implementation of PB in Tartu, the e-Governance Academy already presented the idea of PB implementation back in 2011, which

led the city government to invite the e-Governance Academy to be the leader of the PB implementation process in Tartu, which, in its turn, provided trust from various political parties in the city council (Krenjova et.al. 2013:35). Thus, e-Governance Academy was trusted the whole process of designing PB in Tartu and the city government should make decisions which design to choose. Finally, it was decided to use the model which would be more suitable for Tartu, called, Tartu model, this would guarantee as much direct democracy as possible, which means, that citizens offer ideas, and vote for them, without any kind of obstacles or intermediary things between citizens and government. Thus, the model and process of PB implementation was almost entirely proposed and designed by e-Governance Academy, with the help of external experts advice and case study researches.

In 2013, a working group was formed, which included e-Governance Academy, the mayor and representative from all political parties in the city council. Right after the PB model was chosen on consensus by the working group, the implementation phase has started and proceeded quite quickly. The process started in March and in June, the city council approved the initiative of PB implementation in Tartu. The process had the following phases, first of all, from August to September (2013) it was the first phase of presenting ideas though webpage and traditional channels, the second stage was expert opinions, from September to November, when all the ides have been consolidates and experts expressed their opinions on whether the idea can be accomplished or not. Afterwards, the third stage was in November, mainly for introducing the ideas with the help of introducing event and online broadcasting. Stage four , again in November, was the voting stage, when the citizens could vote both electronically and in traditional ways, later on, the counting of votes was realized. Last but not least, the fifth and final stage was in December, when city council approves the decisions and the idea which has won, will be proceeded. The investment budget dedicated for PB was 140.000 EUR, which means that the citizens are expected to present an idea not exceeding the amount. The minimum age for voting was 16 years, which was meant to encourage the participation of youngsters. Moreover, the model of PB, according to Krenjova et.al. (2013:38) was not completely copied or imitated from other models of PB, however, it should be mentioned, that it looked like more Porto Alegre model of PB, (even though the budget was only 1% of the whole budget) because, in Tartu, like in Porto Alegre, the citizens were actively engaged in the decision making process, not only a listener or voter like in some parts of the world.

In the process of shaping the PB in Tartu, it was also important to think about who participates, in this case, it has been decided , that there will be no restriction for participation, as this will cause the impediment of certain groups participation. Moreover, as Tartu already had participatory practices, the means of participation was decided to be the both online and offline. The ideas were supposed to be published on the webpage of city government, along with the expert opinion. For choosing and deliberating about the ideas, it was decided to hold meeting in a room only with experts and idea presenters, at this stage, final ideas were being presented and experts were giving opinions, at the same time, the citizens were allowed to transmit the whole process in an online platform. Finally, the last stage of the whole process, was the online and traditional voting for the ideas selected and approval by the city council.

3.2.2 The challenges and concerns of PB adoption

At the early stage of PB implementation process, there were several concerns and crucial issues on which city government should had decide on. Those can also be considered main challenges, because, there was a need to pay special attention and solve possible problems in order to implement PB as smoothly as possible. One of the concerns was the necessity to merge direct and representative democracies (Krenjova et.al. 2013:35), as, on one hand, the political party representatives and administrative workers were all involved in the decision making process of PB, for deciding on the model of PB in Tartu, on the other hand, the citizens were to choose and present the ideas. Moreover, another concern was the overall money to be spent on the process in general, which included payment for the experts doing extra work, allocating special screens on the streets to spread the information among the citizens. The overall money spent on the initial organizing of PB in Tartu was almost 6.200 EUR (Krenjova 2013:35). The next issue which was important to decide on was how much money should the city government allocate for citizens to decide on. There were discussions on whether the amount of money should be symbolic or significant, and at the end it was decided to allocate only 1% of the whole investment budget, which is 140.000 EUR. The budget is put aside every year for the purpose of PB, and is only used for the ideas presented by the citizens.

Aside from the concerns on the stage of preparation, there were also several challenges that were quite crucial to tackle upon in order to succeed in the initiative. The main challenges concerning the first stage and during the first year of implementation of PB were , to find a model for Tartu which will be most suitable with the context and size of the city. At first, several models have been discussed, later on, it was decided to choose the model which provided with more direct democracy, more participation of citizens in the decision making process. The next challenge was the ability to mobilize the citizens to care about the budgeting process and participate in the process, both by proposing ideas and voting for them. Along with those challenges, there were also technical ones, such as, problems with the online voting system (VOLIS), as there were less voters than expected, the process was not so much inclusive, meaning that not all the social groups in the community have been included. In conclusion, those were all the challenges and concerns that have been noted by the politicians and administrative workers during the PB enactment process in back in 2013 and after the results from the first year, and during the 8 years of PB experience in Tartu, some of them have been solved, meanwhile, others are still present and the next chapter will discuss the evaluation of PB from 2013 until 2018, among the evaluation, there will also be discussed whether the challenges and concerns have been met. Moreover, the next chapter will be discussing and answering the research questions of this research paper.

4. Findings

4.1 Evaluations of Participatory Budgeting (2013-2018)

Tartu adopted PB in 2013 and was the first pioneer among other municipalities of Estonia. After the successful implementation in Tartu, other municipalities also started to practice the innovation. e-Governance Academy mentions (e-Governance academy website) that the results have been quite meaningful and successful. It has already been 6 years (2013-2018) that Tartu city is practicing PB and there are prominent results on the number of people voting, presenting ideas, which is being increased every year. The first year, the activism from the side of citizens was quite big, because there have been 2600 voters and 156 ideas, however, the final list of ideas was 75, and the winning idea of the first year was audio-video equipment for Genialiste klubi (a local cultural center/club.). The procedure consists of first of all citizens presenting their ideas, then, the best ideas are being selected by experts and rest of the participants in the discussion, later on, those selected ideas are presented for voting both in an online and traditional way.

So, every year, the city government had to dedicate certain amount of money for the PB process, which should be placed aside as a separate budget and be used only for selected ideas. The first year, city government dedicated a large amount of money for the campaign of the initiative, they also used high tech screens, as there was a need to raise citizens awareness on the process in general. The budget dedicated for the first year was 140.000 EUR, until 2016, as the total amount in 2016 became 150.000EUR, staying the same in 2017, later on, it rose up to 200.000 EUR (see figure 15).

1-Amount of Inclusive Budget
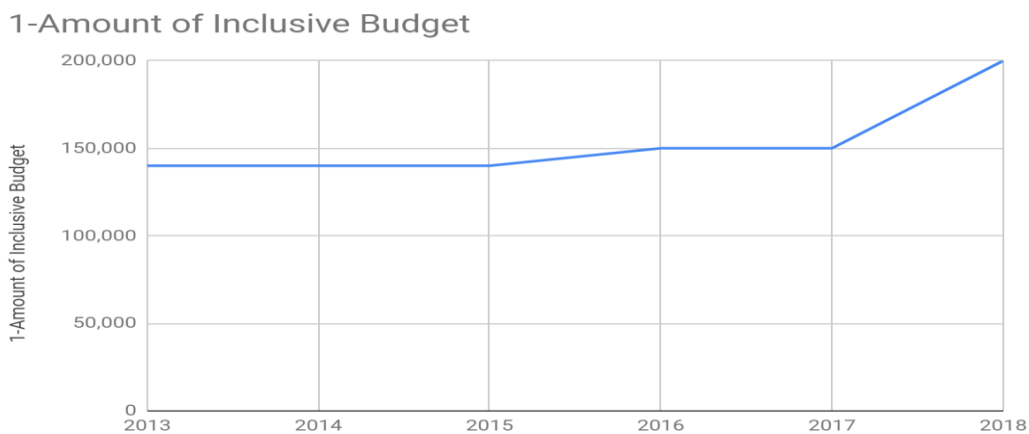
Source: Tartu city government (figure made by the author)
Figure 15. Amount of inclusive budget from 2013 to 2018

The voting was both online and in polling station, and during the first year the citizens were able to see how many votes have been given to each of the ideas, however, it has been changed, because, there was a tendency by citizens to vote and "stick" (from the interview with Kristina Reinsalu) to the winners. Moreover, the first year the city government has received huge attention from the media. The ideas came from all parts of the city, however, most of the ideas were submitted in an online form. If we look at the overall data, we can note, that the number of ideas presented has been drastically reduced since 2013, decreasing from 158 (2013) to 57 in 2018. Same referees to the ideas which were presented to the discussion, dropping from 158 (2013) to 33 (2018). Moreover, the number of ideas which went for voting was 74 in 2013, then it gradually decreased up to 25 in 2018 (see figure 16). It can be concluded, that the citizens were excited during the first year and there was a big campaign, however, little by little, they started to lose interest and the same group of active people started to take part every year, which is one of the loopholes of the initiatives in Tartu, and there is a need to pay attention to it. Last but not least, the number of ideas presented for voting was 74 in 2013, afterward, it dropped to 25 in 2018 which is a signifier that there were

not so many brilliant ideas anymore. Also, another crucial issue here is that the policymakers also decided to reduce the number of ideas for final voting, because if they are a lot the citizens will be lazy to look all of them and will just one the first ones.

2-Number of ideas presented, 3-Number of ideas for discussion and 4-Number of ideas for voting
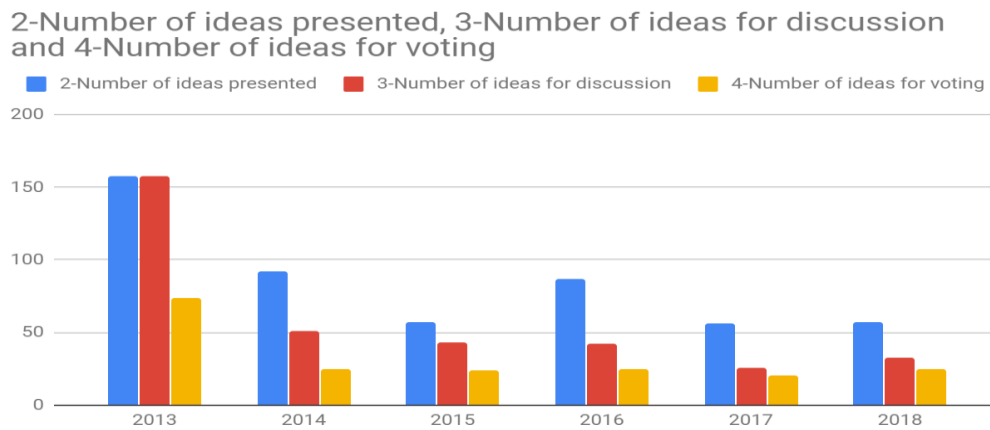
Source: Tartu city government (figure made by the author)
Figure 16. Number of ideas presented, discussed and voted

The participation of citizens in voting for the first year was active enough, because, taking into account that it was the first experience, people might not be very much aware of the process and it is worth mentioning that the number of voters and actual votes (as each citizen was able to vote for up to 3 votes) was increasing every year. For example, in 2013 the number of voters was 2645, meanwhile, already in 2018, it went up to 5291. Following the same logic, the number of votes was 2645 in 2013 and 10.318 in 2018 (see figure 17). The results show that every year people are more actively engaged in the voting process because they get to know the initiative better due to the campaigns both by the city government and by the authors of ideas presented for voting.

5-Number of voters and 8-Number of votes

■ 5-Number of voters ■ 8-Number of votes
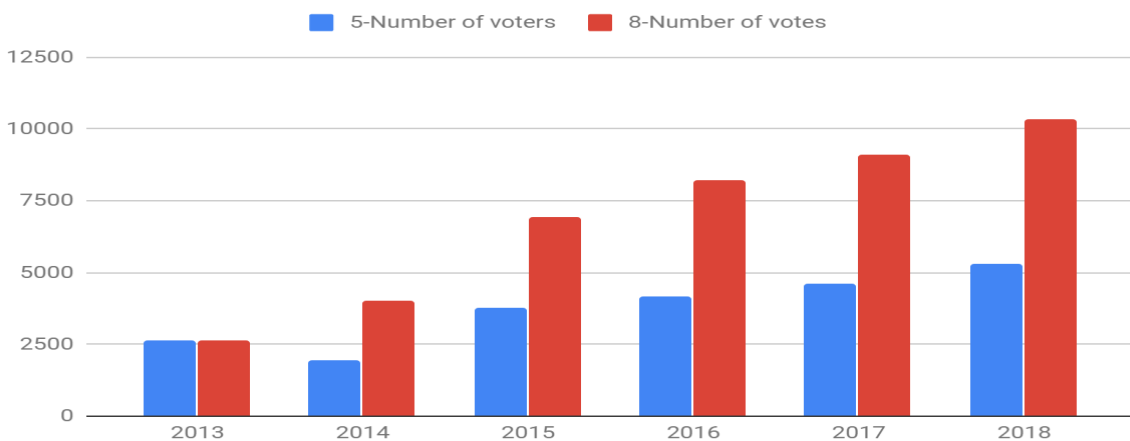
Source: Tartu city government (figure made by the author)

Figure 17. Number of voters and votes (NB! Since the second year, each voter could give up to 3 votes)

It should be noted, however, that one disappointing thing was that only 3% of the voters were youngsters. All opportunities have been created for the youngsters to take part in the process, for example, for the first time in Estonia, citizens were allowed to vote from the age of 16, and only for PB. However, the voting age for Estonia, in general, was 18. The decision makers thought that 16-year-old people were already able to decide on their own (taken from an interview with Kristina Reinsalu). Nevertheless, the results showed that even those steps did not encourage the youngsters to participate in the process. As a result, the highest percentage of young citizens voted for PB was in 2016 (3.2%), the rest of the years it was approximately 2%. The people with the most voting record were at the age of 30-39 (33% in 2018), the least being 70-79 (3% in 2018) and 80 (1% in 2018) and more (see table 1). Moreover, if we compare the gender differences, we can note that the participation rate of the women was higher (66.1% in 2018) than that of men (33.9 % in 2018). There is a need to pay attention to the fact that the participation of the women gradually increased from 2013 (58.2%) to 2018 (66.1%), meanwhile, the men started to participate less and less with every year, the results being 41.8% in 2013 dropping to 33.9% in 2018.

	2013	2014	2015	2016	2017	2018
16-19 year olds	66 voters (2.5%)	52 voters (2.7%)	51 (1.4%)	132 (3,2%)	101 (2.2%)	126 (2%)
20-29 years old	584 voters (22.1%)	452 voters (23.3%)	614 (16.3%)	738 (17,7%)	695 (15%)	786 (15%)
30-39 years old	958 voters (36.2%)	679 voters (35%)	1192 (33.1%)	1389 (33,2%)	1535 (33.1%)	1730 (33%)
40-49 years old	540 voters (20.4%)	412 voters (21.3%)	929 (31.6%)	934 (22,4%)	1237 (26.7%)	1386 (26%)
50-59 years old	284 voters (10.7%)	187 voters (9.6%)	514 (13.6%)	460 (11,0%)	554 (12%)	633 (12%)
60-69 years old	113 voters (4.3%)	86 voters (4.5%)	267 (7.1%)	298 (7,1%)	314 (6.8%)	401 (8%)
70-79 years old	77 voters (2.9%)	59 voters (3.1%)	148 (3.9%)	175 (4,2%)	149 (3.2%)	174 (3%)
80 years and older	23 voters (0.9%)	10 voters (0.5%).	57 (1.5%)	52 (1,2%)	50 (1.1%)	55 (1%)
Male votes	1106 (41.8%)	806 (41.7%)	1620 (42.9%)	1474 (35,3%)	1,589 (34.3%)	1793 (33.9%)
Female votes	1539 (58.2%)	1132 (58.4%)	2152 (57.1%)	2704 (64,7%)	3046 (65.7%)	3498 (66.1%)
Avergae age of voter	38 years	38.6 years	42 years	41 years	42 years	42 years
Oldest voter	92 years	93 years	94 years	89 years	94 years	95 years

Source: Tartu city government (figure made by the author)
Table 1. Voters according to age and gender

4.2 Interviews with city council members, administrative workers, and NGO representatives

4.2.1 Main findings

In total 10 key informant and elite interviews have been conducted, the list of the interviewees is as follows: Urmas Klaas (Mayor of Tartu City), Kristina Reinsalu (programme director of e-Democracy, e-Governance, e-Academy), Lemmit Kaplinski (Social democratic party) Lilian Lukka (project manager of PB from city government), Mati Raamat (City engineer and deputy head of the department of urban planning, land survey and use), Vladimir Sokman (Center Party), Indrek Mustimets (Former head of the public relations department, now, advisor on memory topics in Tartu city), Kaarel Kullamaa (Reform party), Anneli Apuhtin (Head of the legal department) and Raimond Tamm (Reform party). Taking into account the privacy matters, I shall name then Interviewee 1, 2, 3 (e.g. In.1) and so on.

In order to answer my research questions (RQ.1 What are the incentives of PB implementation and RQ.2 Are the expectations met?), I have conducted a thematic analysis of interviews, and articles take from Estonian online newspapers. Moreover, except the above mentioned, I have analyzed the documents and statistical data provided by Lilian Lukka (project manager of PB from city government) in order to ensure the validity of the results.

In order to find out the incentives of city government and NGO representative, at the same time, whether the expectations have been met or not, the following questions have been prepared:

1. When did you first hear about PB?
2. What did you know about PB before you thought of enacting it in Tartu?
3. How did you get to know about PB?
4. What (and who) drove you to implement it in Tartu?
5. Did you examine the cities which previously adopted PB and if yes was there anything which motivated you from that city's experience?
6. What kinds of challenges you had while adopting PB in Tartu?
7. What factors made it possible for PB to be adopted in Tartu?
8. What kinds of effects it had so far for the society in Tartu?
9. Which are the outcomes from the PB that was worth its implementation?
10. Which would you do differently during the first stages of PB adoption in Tartu?

Here are some *general remarks* connected to the PB implementation in Tartu according to the interviewees:

- 10 of the key informant interviews had an overall positive attitude towards the implementation of the PB in Tartu

- Almost all of them mentioned that the overall effects of PB in Tartu was noticeable, and they were all content with their decision to bring the initiative to Tartu (taking into account all the loopholes too)

- However, some of them criticized that the initiative is not a real tool to engage people in budgeting processes, one of the interviewees (INT. 8) mentioning that *" It is a failed project, and has absolutely nothing to do with the budget. It is a piece of the budget set aside, and ideas or projects compete for that money"*.

- Most of the interviewees mentioned the importance of the fact that even though there are only 2 winning ideas, it does not mean that those ideas which are good will be left aside, because, they stay stuck in the city hall, and later on some of them get picked and carried out with the money of actual budget.

- Communication and collaboration between the communities is another important and often mentioned issue by many of the interviewees

- For some, the disappointing result during those 5 years was that the citizens still did not learn how to offer good ideas, INT 4, for example, mentioned, that " ...*now I can see that there are not so many bright ideas, many ideas are like about pavements or something in the kindergarden"*.

- Another issue frequently discussed by the interviewees was that sometimes very good ideas are not being accomplished because those ideas who are backed by schools or include larger community segments, receive more votes just because they refer to a big group, not because the ideas are brilliant and very necessary.

4.2.2   Key dimension 1: main (direct) incentives for PB enactment

After a thorough analysis of responses provided by the respondents, it became clear, that, the initiative, considered as a social innovation, was suggested to Tartu by e-Governance Academy (NGO) and Tartu city government decided to implement the initiative. Hence, in order to know what were the main incentives for the enactment of B in Tartu and whether the expectations came true or not, both city government and NGO representatives were interviewed.

In a result, the majority of respondents mentioned that education and citizen engagement were the main incentives that drove the city government and NGO to bring this project to Tartu. Apart from those two main reasons, community collaboration, demand by the citizens were also quite mentioned ones. Figure 18 shows the main motives for both NGO and city government to adopt PB in Tartu, however, those are the ones most mentioned and prioritized by all of the respondents, there have also been other important factors, which will be mentioned later on.

4.2.2.1 NGO perspective

Participatory Budgeting in Tartu was proposed and designed by e-Governance Academy representative, Kristina Reinsalu in 2011 during a seminar, which, already in 2013 was ready to be implemented. According to Kristina Reinsalu, the main reason for implementing PB in

Tartu instead of in other cities was the fact that Tartu had already experienced civic engagement initiatives, and she mentioned *" we were thinking, if it works in Estonia, then it should work in Tartu, probably in other places too, but we should start in Tartu".*

The NGO decided to offer the initiative to the city government in 2013, before the local self-government elections, considering that the city government would like to be more open, as one of the interviewees (Int. 10):

"we used also kind of momentum of a window of opportunity because local elections were coming, it was a year of elections, and of course it was very natural and it happens everywhere, that politicians at least rhetorically they will be much more open, and engaging".

The interviewee also points out that one very important argument was that the citizens do not understand how much budget the city has, hence, they are always demanding from city government, and the city government replies that they can have that but in 10 years time. Thus, one important aspect here is to educate the citizens' financial dimension, how the budget is composed.

Another crucial motive for NGO to suggest the initiative was the intention to *motivate and stimulate community activism,* because Estonians, according to them, are individualistic, and communities do not cooperate together. Moreover, they also wanted to achieve some sort of *creativeness and innovativeness of people*, and, in the beginning, it was decided that there should be one materialistic object in a result of peoples ideas, and the citizens should be stimulated to have as many "crazy" ideas as possible. One very important goal of this project was to activate all segments of the community, however, the youngsters did not get nagged a lot, only 3% of young people go for voting, which still remains a big challenge to be tackled upon, because from the NGO perspective, there was a need to teach the students and youngsters how to be active and take part instead of waiting for others to act.

e-Governance academy introduced the concept first in Estonia, seeing that many politicians during the election campaigns promise that they will be more open, transparent, but, after the elections nothing changes. Moreover, civil society was quite passive some 5 years ago, and there was a need to change many things, and PB was the right tool to start with.

When working on the model of PB in Tartu, they chose the model most suitable for Tartu according to what they wanted to achieve with this initiative, one thing was sure, the economic development or issues connected to it were not the focus of it. Interviewee 10 mentions:

" *We wanted to have as much direct democracy as possible, not just a consultation like German models, we wanted to clearly see citizens input, their decisions, their contributions, and impact. We wanted to teach the citizens how to lose, democracy work in that way, your idea is not necessary winning, but if you give good arguments, then it will be accepted….we also have to educate the citizens democracy is that you have to hear other arguments, and that not everybody can win, but can find win-win aspects* ".

As the civil society was quite passive, PB initiative also aimed to tackle the problem of community passivism, in order to help the communities to create associations among them, discuss their common problems and goals, collaborate. From the perspective of NGO, as a facilitator, these were the main aims. Apart from this, they also aimed to teach the citizens financially, however, social and cultural issues were much more important.

4.2.2.2 City government perspective

In a result of the in depth interviews with the city government representatives and administrative workers the results showed that in the time of PB implementation most of the involved public officials had positive attitude towards the implementation of the initiative, even the opposition political parties agreed to take the action. The main reason behind this is that the initiative represented the interests of all the parties, as it was promising to activate and educate the civil society, make the budgeting process more transparent. Moreover, the PB was suggested and modelled by the e-Governance Academy, an NGO which is not affiliated to any of the political parties and is quite independent in its decisions.

There have been various motives behind the enactment of PB, however, there were some of them which have been mentioned by all the parties involved in the phase of implementation during 2013, which will be discussed one by one, and the rest were just secondary motives. However, the main motives for PB implementation were citizen education about budgeting and participation, citizen engagement.

The budget of Tartu has been always decided by the city council, and by bring PB to Tartu, one of the aims was to make the citizens understand how the budget is formed, how the city can get resources for the budget. INT. 4 mentioned that " *By implementing PB we tried to improve residents' understanding of the formation of the city budget and also which areas of the city life money is spent on....what does the city budget consist of and where does the revenue come from, should we take loan to develop the city and if so how and what for?".* There was a need to raise the awareness of the citizens about the budget as one of the respondents said that " *the citizens don't know much about the budget, because it has quite complicated structure".*

According to another respondent, "*with the help of this initiative people can learn more what it means to make the budget...they can understand why the city government , city council are making those decisions, it is not easy to make them satisfied...we wanted to give them an opportunity to learn" (INT.1).* Last but not least, the PB gave the chance to educate citizens on democracy, so they can understand that they are not unimportant thing, and if they all come together they can be powerful.

Most of the respondents pointed out the citizen engagement as ne of the main motives of PB implementation in Tartu, as PB seemed like a good instrument to reach the goal of citizen engagement. According some of them, it is always good to give the citizens a chance to take part in the decision making process of how to spend a budget. One of the interviewees said *" The budget is one of the most important documents for Tartu and its residents, it governs the city life, and determines the development of the city, at the same time it was strange that the citizens themselves were not interested and did not take part in the annual budgetary discussions. We wanted the citizens to be more conscious of the budget and more aware of participation... " (INT.4).* In addition, it was important to include the citizens in making the decisions which are important to the city. One of the respondents stated that "*The main reason was that citizen engagement was a hot topic and we knew that it is becoming more and more difficult to get attention from people because you have so much information around you".*

Many of the respondents think that through the process of PB people can be more involved in the politics and in the decision- making process, and with the help of this initiative, people can be more active and engaged, thus, changing the life of the city and make it better.

Apart from the main incentives mentioned above, the people behind the implementation of PB had some other reasons too, which were not as crucial as citizen engagement or citizen education, however, those were also considered at the time of bringing PB to Tartu. Some of the respondents, for example, mentioned, the incentives of *gaining more votes* by bring PB to Tartu, as it makes the city government to look more innovative and open, the interviewee mentioned

"The first year that Participatory Budgeting was introduced, it was 2013, in the year of municipal elections, but the process starts in spring, and the elections were in autumn, and this process was introduced before the elections, by the powers who were running the city then, why did they that, I have no idea, how come that they agreed to do this?".

From the interview, it becomes clear that the interviewee sees a close connection between PB implementation and gaining votes, explaining that he does not know for sure why but the fact is that the process was implemented right before the elections. The topic of gaining votes have been mentioned by three of key-informant interviews, one of them, stating, that while bringing this initiative to Tartu, they saw a window of opportunity, as the elections were approaching, and the city authorities wanted to look more open and innovative. Moreover, according to another respondent, the popularity of the current party (Reform party), *"which received 28% of the whole votes, three mandates in the parliament, which never happened before, this is one of the outcomes of the initiative, which shows that people actually support what the Reform party is doing… It is a small portion that helped to gain votes"*.

Furthermore, many of the respondents tackled upon the issue of community work, when communities, for example, one of the interviewees said that " *it was very important to also kind of motivate, stimulate, this community activism, Estonians are very individualistic, even small communities do not do things together usually, this process also helps the citizens to understand that they can change something in their local neighborhoods also, they do not need to wait until local government asks. ..... We wanted PB to tackle community passivism"*. The process also intended to stimulate communication between the communities, when, for example, during voting period, different communities cooperate very actively, such as schools and neighborhoods.

According to some of the interviewees, the implementation of PB could also be a result of an offer or funding from an international organizations, EU project or something else. Furthermore, the issue of implementing the initiatives for the sake of solving real life problems, coming from real needs was considered. Some mentioned also PB to be a natural desire to do something new and different. It is also worth mentioning that empowering the citizens and getting attention from the people have been discussed and mentioned by one of the interviewees.

Some of the interviewees mentioned that at that time (2013) the openness and participation were hot things and the will of politicians were quite decisive in being more open and engaging. Apart from this, PB was also an instrument to create more transparency in the process of decision-making.

Last but not least, after deeply analyzing the data, it turned out that for the city government, an very crucial motivation for enacting the PB was to make citizens more informed about the budgeting process as it will make them to go for compromises and understand why the city government and city council is making this or that decision.

4.2.3 Key dimension 2: are expectations related to PB met?

Most of the interviewees claimed that the main expectations from PB were the citizen engagement and education/giving citizens opportunity to learn about how the budget is formed. In addition to the above mentioned, there have been many other expectations, some of which have been addressed due to the PB, some which still continue to be concerning issue for the city authorities. In a result, only one of the two main expectations have been met (see figure 18), as most of the key-informant interviewees pointed out that citizens knowledge and education about how the budget is formed and decided has not been increased, even though, every year more and more citizens are being engaged in the process of decision-making.
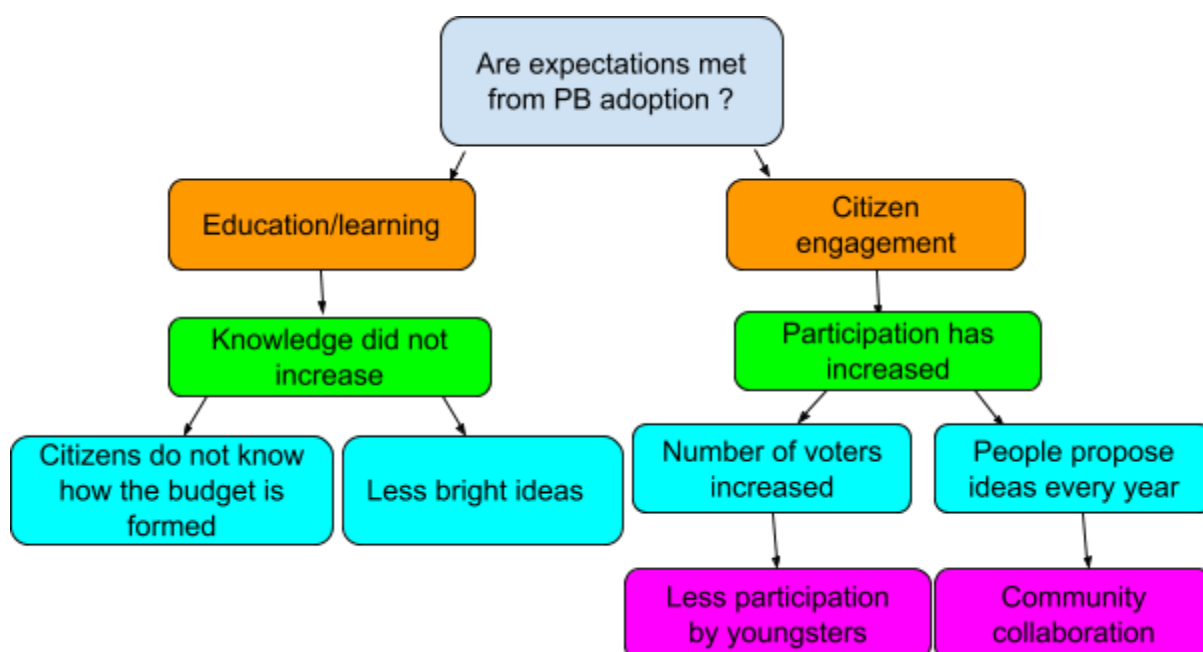
Source. Author
Figure 18. Main expectations of PB adoption and their accomplishment

4.2.3.1 Education/learning

While deciding to bring PB to Tartu, both city government/city council and NGO had an incentive to make citizens more knowledgeable about the financial dimension of the city, because, as one of the interviewees mentioned (Int. 4), " *Tartu's budget is one of the most important documents for Tartu and its residents: it governs the city life, and determines the development of the city. At the same time, it was strange that the residents themselves were not interested and did not take part in the annual budgetary discussions, because that is done by the councilmen they choose to represent them, we wanted the residents to have a good understanding of <u>how the city budget is formed</u>",* at the same time, the interviewee mentioned that the only use 75% of the opportunities available to them,

Meanwhile, Int. 10 mentioned that "*We have not done any study, but we see that there is a clear increase of participation of participants, but what is harder to measure is the development of ideas, how much more sophisticated ...",* this is was the second respondent to express positive opinion about the educative aspect of PB, most of the respondents were disappointed that PB did not reach the goal of making citizens more knowledgeable on the budgeting issues.

For example, one of the interviewees (Int. 8) said " *It has absolutely failed to be an educational tool for making people understand how the city budget is put together".* According to the respondent, the PB is just a " *peace of budget set aside, and ideas or projects compete for that money".* To some extent, rest of the respondents agreed with that idea, as, they mentioned that they did not achieve their main goal, which was the improvement of citizens understanding of the city budget and its shaping process. Moreover, according to some them, the same people present the ideas every year, the same communities come to the meetings and discuss, which makes the process of knowledge increase among all segments of community impossible.

Raising the number of citizens taking part in decision making process was another important goal and expectation for all the involved parties, which has come true at a certain level. Some 5 years ago citizens were quite individualistic and not so much interested in taking part in any kind of decision-making process and collaborate with the city government. As one the interviewees mentioned, the PB process helped citizens to feel more engaged and practically participate in the process of budgeting, because this process helps them to understand that they can change something, instead of waiting the local government to do it.

The overall results also show that every year the number of people who vote and show some interest in the process itself is increasing (see figure 17), even though they are just 5% of all the voters (some 3000 voters) (according to Int. 3). Citizens somehow believed that they are heard, their opinion is crucial for the government, that they can offer an idea and that idea can be realized in reality.

Based on the key informant interviews and statistics from city government, it became clear , that the participation of the people in reality have been increased, that that was one of the initial goals of PB implementation in Tartu, however, the number of people who vote and present ideas is just a small portion from the whole population, there is a need to work more on making the citizens more encouraged to take part in those processes.

4.3 The current challenges and general remarks: interviewees perspective

In a result of PB enactment in Tartu, since 2013 until 2018, the community synergy and collaboration have been increased , it has helped to foster and facilitate the communities. For example, the school children or parents of one schools gathers around one aim to create/build something new for the school, is a great example of community work. According to one of the interviewees, the main outcome of PB in Tartu was that people now have stronger communities, they have a common goals and they have to combine the strength. After the

implementation of PB, as Int. 5 stated, "*citizens believed that that they are heard, that their opinion is important for the government, that they can in reality do something, that their idea is being turned into reality*".

Due to PB Tartu has gained a lot of attention both in Estonia and out of Estonia. Moreover, it helped the citizens to care more about Tartu, and look at Tartu differently, when people start walking in the city and trying to find shortcomings.

However, PB process is still facing various kinds of challenges and problems, many of the interviewees were a bit reserved to mention much of the problems, however, some of them were open enough and pointed out most crucial ones. The document analysis also confirmed what the respondents informed. Thus, the issue of engaging more and more people stays a challenge in general, because, as much as the number of voters and participants increase every year, and the goal of citizen engagement can be considered reached, the participants are still a small portion of the whole voters in Tartu. In addition to the general voters, one of the main challenges, is to motivate and activate youngsters in Tartu, there is a need to encourage the youngsters to take part and feel that they are important in the process of decision-making. The number of votes is very low among teenagers (16-19 years old), 3.2% of all eligible voters, while youngsters in their twenties are also less active than other age groups (TechPlace:2018). Thus, youth abstention is considered as a main challenge for the city government.

According to some of the interviewees, in a result of PB, it turned out that there were not so many bright ideas, many of them are about pavements, schools and not many innovative and creatives ones, as the city government and NGO was expecting to be. It is quite hard to measure and understand the development of ideas, how innovative and useful are the ideas and how to make citizens think about ideas which are innovative and good enough to attract the rest of the community, which, in its turn, will increase the citizen engagement. One of the interviewees mentioned "*it is my dream that "no ordinary ideas" are presented as PB ideas...in my dreams, PB should not solve problems that the city is trying to solve anyway with its main budget... PB sums are enough to draw attention to the city's opportunities to be present in places it has not reached yet with its budget and to do something new and exciting there.*". Simply to say, PB is expected to support and fund innovative and original ideas, however, the citizens u until now, during these 6 years did not manage to present enough interesting and creative ideas, and that is still a challenge for all the parties involved.

Overall, as Int. 4 mentioned, Tartu's' PB is not yet perfect, but year by year it improves and gets better.

In order to triangulate the data, up to date articles from several newspapers have been used. A thematic analysis of the present articles have been conducted. There have not been many articles written in English on the topic of PB, thus , only the below mentioned articles have been used to triangulate the data of the current research.

Name	Source	Date	Theme
Tartu residents vote on use of city budget funds in 'Participative Budgeting' project	ERR.ee	13.10.2016	Community communication
Shared decision-making in the city: Tartu's masterplan and participatory budget	TechPlace	16.07. 2018	1. Community engagement 2. Citizen education 3. Community collaboration
Tartus' new masterplan – a platform for ideas by citizens	Cooperative city *Interview with Jarno Laur, Deputy Mayor of Tartu*	2016.06.07	Involve citizens

Source: Author

Table 2. Thematic analysis of articles

In a result of article analysis in a qualitative way, the same research questions have been used, what were the main incentives to implement the PB and whether the expectations have been met. The main ideas connected to the topic expressed in the articles have been used as themes and analyzed as a reliable data, because most of the articles were based on the interviews with city officials such as Jarno Laur (deputy mayor of Tartu), lilian Lukka (project manager of PB from city government) and Kristina Reinsalu (e-Governance Academy).

Thus, in a result, it turned out that the topic of motivation for enacting PB have been discussed quite widely in the articles, and Tartu city is considered as a city having an administration with a strong focus on citizen participation and long-term engagement with

the digital transition. It has been highlighted that PB implementation in Tartu was supposed to make citizens understand the city budget and the processes that shape it better. At the same time, also improve the cooperation between the communities. Those reasons have been quite often pointed out during the in-depth interviews with the elite of Tartu as well. However, they have tried to do something practical for the city with the help of citizen participation.

From the NGO perspective, they wanted to give a chance to the ordinary citizens decide what is the most crucial for them. It was a completely new way to engage the citizens in decision-making process, which, in its turn, required a new ways of interaction as well, which includes social media and digital platform.

Moreover, since one of the main goals was to involve citizens as much as possible, various kinds of technology have been used to serve that purpose. The social media and other sorts ways of communication were quite crucial as they would help to raise awareness of the citizens about the PB process, the fact that they can take part more an more in decision-making process of the city budget. Education have also been mentioned again in the articles as one of the motives to implement PB, because the city government wanted its citizens to have a better understanding about the city budget, for that reason, apart from other events, face-to-face events on deliberation have been organized, because , that events was the most educative part of the whole process, according to the city officials.

Coming back to the second research question of this research paper, in most cases , it has been mentioned that the PB process has given a chance to the citizens to express their ideas and wishes, thus, stating that the goal of citizen engagement have been met. However, regarding to the other goals of educating the citizens about the budgeting process, noting have been mentioned. Apart from the above mentioned results, the analysis of articles has shown that PB fostered the communication between communities and gave the city government a more clear picture of what the citizens want to have, as Kristina Reinsalu, stated:

"Now we see that the community interaction is stronger than before, people start talking about ideas in community, which was one of our main aims. Because Estonians tend to be individualistic and we rightly have the image of being reserved, cool, not so communicative – but this process has helped a bit" (INT. 10),

4.5 Summary of findings

The overall results showed that the main incentives for Tartu city to adopt PB were citizen engagement and giving the citizens opportunity to learn about budgeting process (a bigger picture of incentives see figure 19).

Source. Author
Figure 19. Main incentives for PB adoption by the city government and NGO

The idea of PB implementation in Tartu was offered by NGO and the city government accepted the idea with excitement, both having the same motives and expectations from the initiative. Since in Tartu many of the social problems regarding the city have been solved by the city government, the only reason for the city authorities to implement PB was to increase citizen engagement in decision-making process of the city's' most important issue, budget, and education about how the budget works.

On one hand the community passivism and less knowledge about the city budget can be considered social problems, on the other hand, that is not an issue which bother all segments of the community. In many cases PB has been diffused because it aimed to solve social problems, which is not the case of Tartu, because, in Tartu, simply the aim was to make the city's governance more democratic and direct, with the help of two important factors: *citizen engagement and increase of citizens knowledge.*

In a result of qualitative research, it turned out that only one of the expectation of the involved actors from PB implementation has been met, which was, citizen engagement, as the number of citizens taking part in the process of PB is increasing year by year, however, there is still much work to do to activate as much citizens as possible. At the same time, the goal to teach/give a chance to the citizens to learn about how the city budget is formed and spent, has failed in Tartu, because, PB budget is just 1% of the city budget put aside for the citizens to decide what to do with it, but the overall picture of the whole budget is not so visible and accessible to the citizens, thus, making them less aware of the whole process of budgeting and how it works.

Last but not least, from the existing theories of PB diffusion as a social innovation which explain the main reason it is being diffused, the case of Tartu offers a new theory to the study of PB diffusion, which is , that "*PB is being diffused simply for the sake of educating the citizens about the city's overall budgeting process and citizen engagement*" at the same time, explains that PB can fail to be an educational tool because it includes only small portion of the city's budget, meanwhile, it can , definitely, serve as a tool for activating the citizens and creating synergy between the communities.

Conclusion

In this research the diffusion and adoption of participatory budgeting was examined. The main objectives of this study were first of all, to understand the incentives of PB enactment in the city of Tartu, second, whether the initial expectations of the PB enactors have been fulfilled or not. That being so, the main research questions of this study were:

RQ. 1. *What were the main motives of city government and NGO representatives to enact Participatory Budgeting in the city of Tartu?*

RQ. 2. *Has Tartu's experience with participatory budgeting lived up to the expectations of PB enactors – i.e. the city government and specialized NGOs ? Why/ why not?*

The PB has been adopted in Tartu six years ago, which is sufficient to draw conclusions about overall results. As the innovation was enacted few month before local elections, it was expected, that Tartu city government adopted PB because they wanted to gain more votes and popularity. Finally yet importantly, it was expected , that the city government decided to enact Participatory budgeting because they wanted to increase citizen participation and awareness levels.

There is a wide range of theories explaining the incentives of city governments adopting PB, for example in some cities where PB was implemented, it was implemented in order to re-democratize the country, moreover, some governments wanted to solve certain social problems such as inequality, poverty. However, according to other theories explaining the diffusion of PB, the motives can range *from governments' electoral incentives* and *deepening democracy* (Wample: 2007:) *to fight against corruption* and *weakening opponents* (Anwar Shah 2007:100), *government's ideology* (Goldfrank 2011), *civil society mobilization* (Avritzer

(2002) and Baiocchi (2005)), *democracy promotion* (Santos 2005), *international organization* (pushed by)(Porto de Oliviera 2017, Goldfrank 2012), *government's electoral incentives* (Wampler 2007).

Thus, in order to understand what was the case of Tartu, a qualitative thematic analysis has been conducted using the method of data triangulation (elite interviews, statistics, media articles), in order to ensure the validity and reliability of the single case study. Ten interviews have been conducted with the representatives of Tartu government, representatives of some of the political parties from the city council, NGO (e-Governance Academy). In addition to the interviews, statistical data for the period of 2013-2018 was provided by the city government and several media articles were analyzed in order to have rich and valid data.

The research has brought a new and additional knowledge in the field of PB implementation, the main incentives and overall results, examining the case of Tartu. The single case study in Tartu will help the further research for PB implementation in small cities (and not only) like Tartu. Moreover, the research contributes to the crucial aspect of the main incentives and expectations from PB and to what point the expectations have been met.

Hence, the study demonstrated that PB enactment in Tartu was in a result of cooperation between NGO and city government, both having the same incentives and expectations from the initiative. The main incentives of PB implementation in Tartu were *citizen education about city budget* and *citizen engagement.* In a result of the research, it turned out that the case of Tartu corresponds to the previously existing theories of citizen engagement and citizen education on budgeting processes and some of the expectations of the research have been met (citizen engagement and awareness) meanwhile, the expectation that city government adopted PB for the reason of gaining votes and popularity, was rejected. However, the results have shown that there is a slight possibility that gaining votes and popularity was one of the factors which motivated the government to adopt PB, because, the idea has been mentioned by several key-informant interviewees. The study has shown that Tartu city government has gained significantly more votes after the implementation of the initiative; this was one of the expectations of the research. However, that is explained to be a small portion of the what brought them success and does not constitute as one of the motivations, thus, again, rejecting that explanation of PB implementation in Tartu.

The PB implementation of Tartu had the goal to give the citizens a chance to learn and educate themselves about the budgeting process, which will result in having more satisfied citizens. The second direct incentive was to engage as many citizens as possible in the decision-making process, because the city government wanted its citizens to get closer to the city government and feel that their opinions matter. In addition to this, a very prominent result of PB implementation was the citizen cooperation. After few years of experience, the communities in Tartu city started to be less individualistic and cooperate with each other for common goals, for example, schoolchildren, parents, teachers and neighbors.

The second aim of this study was to understand to what extent did the expectations from PB adoption came true in the case of Tartu. Was the citizen engagement increased and did the citizens become more knowledgeable about Tartu city's budgeting process? The results of thematic analysis of elite interviews, triangulated with statistical data gathered from the city government and several up to date media articles, showed that the participation of citizens and overall citizen activism has been increased; communities started to cooperate more and more. Every year the citizen participation is being increased, however, the main challenge in this regards stays the engagement of the youngsters, as only 3.2% of all the voters are young people (this being the highest result in 2016). Tartu city government initiated some changes in legislation, allowing the youngsters to vote at the age of 16, and is still planning to lower the age limitation for voting (most probably 14 years old), in order to activate and encourage the young people to take part in decision-making process of Tartu city. Regarding to the education of citizens about how the budget is formed and how it is allocated, the results showed that PB has failed to be an educational tool in Tartu, most of the interviewees expressed their disappointment from the results of PB implementation so far from the perspective of education, as, most of them did find the initiative important and worth implementing, however, it did not serve as an educational tool.

The present study has answered the main research questions and brought out interesting facts about PB implementation in Tartu as a single case study, however, it would have been better to make a comparison with a small city like Tartu, in order to find out more about the reasons of implementation and why some of the expectations from PB adoption did not come true. However, it is worth mentioning that the single case study was beneficial for Tartu city itself,

as it can be applied in the future for making the process better. Moreover, the case study can be generalized to other small cities deciding to enact PB.

The study has shown the perspectives of PB enactors (city government and NGO) however, the final picture of the results will be visible if a separate research will be conducted with citizens. The future research on PB diffusion can be done both with the citizens who participate and those who do not, in order to understand what are the reasons of many of the citizens remaining passive.

In conclusion, even though the research has shown that PB implementation and overall process still have many challenges in Tartu, however, the significance and role of PB should not be underestimated. PB has served the goal of citizen engagement and community cooperation in an individualistic community such as Estonia, whereas the aim of making the citizens more aware of how the budget works, is an issue of time and more creative strategies are needed to be implemented in the PB process. In order to make the citizens more knowledgeable about how the budget works, there is a need to show more things and give more information on the budgeting processes, as, having a certain amount of money put aside for an idea to win, is not serving the purpose of educating the citizens about how the budget is formed.

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Appendix 1.

Adopter categorization on the basis of innovativeness

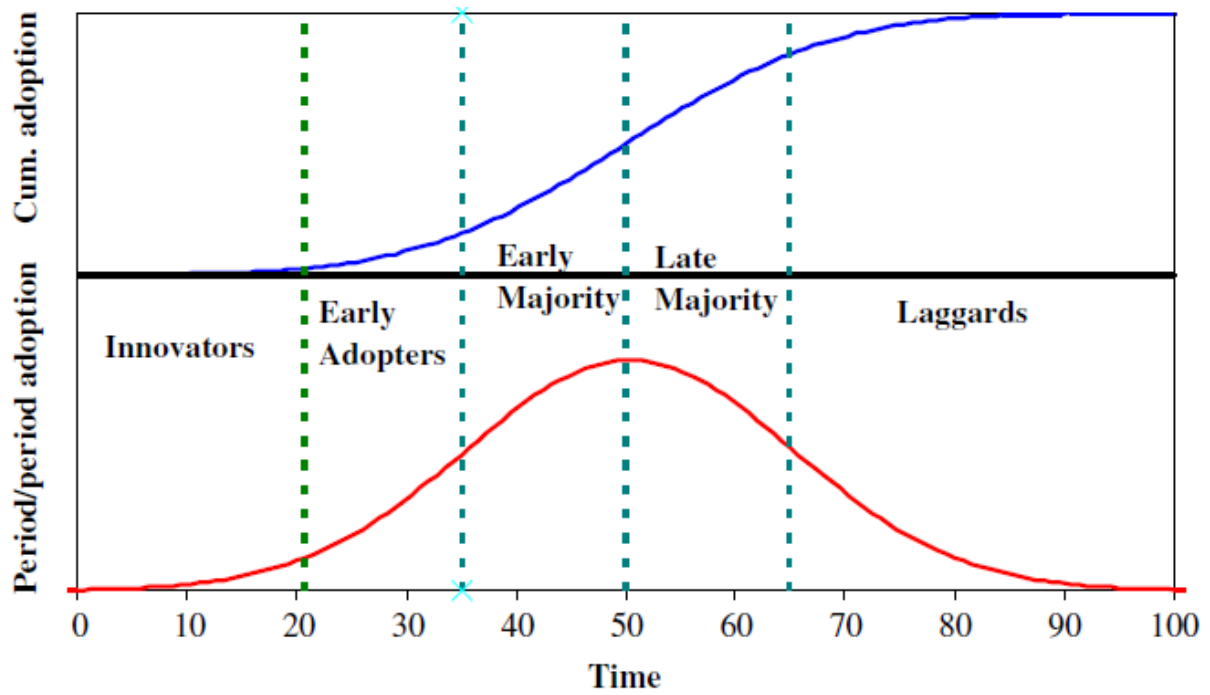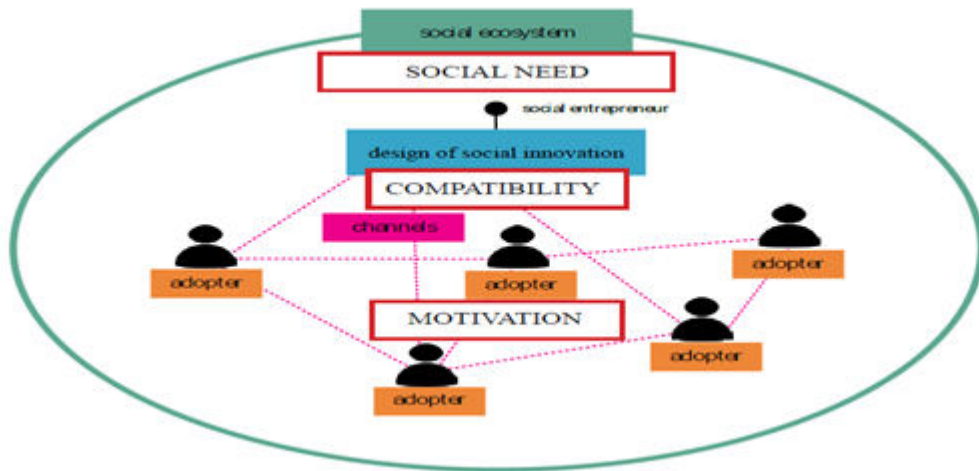**Social innovation diffusion factors and preconditions**

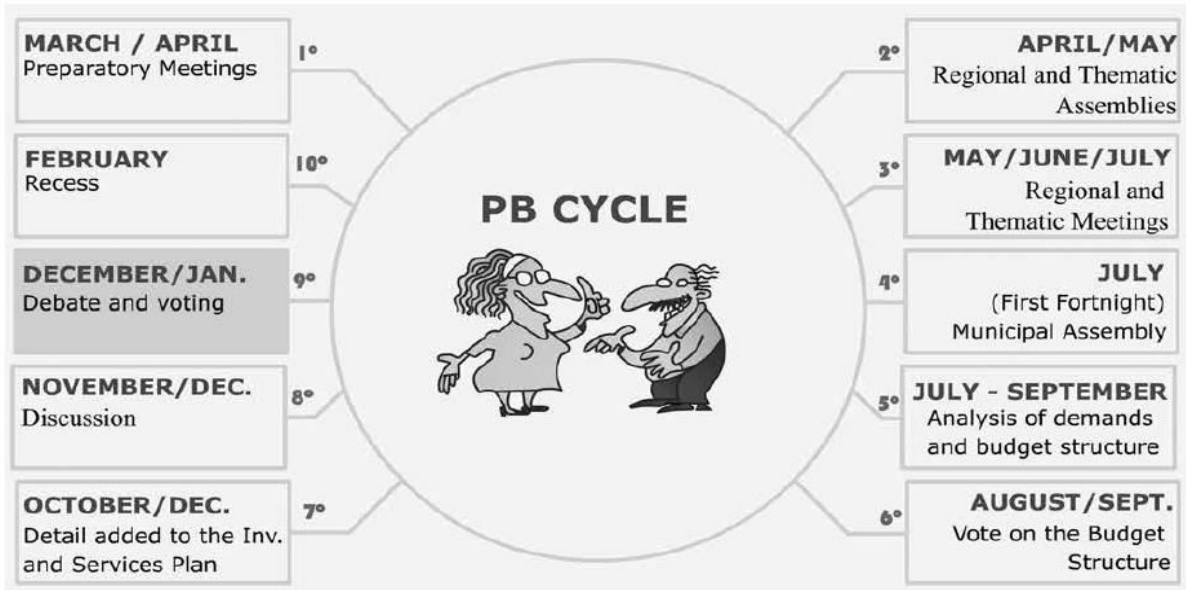Fig. 1. Stylised diffusion curves.

source: Rogers 2003:247

Appendix 2

Main drivers of Social innovation within DSA model
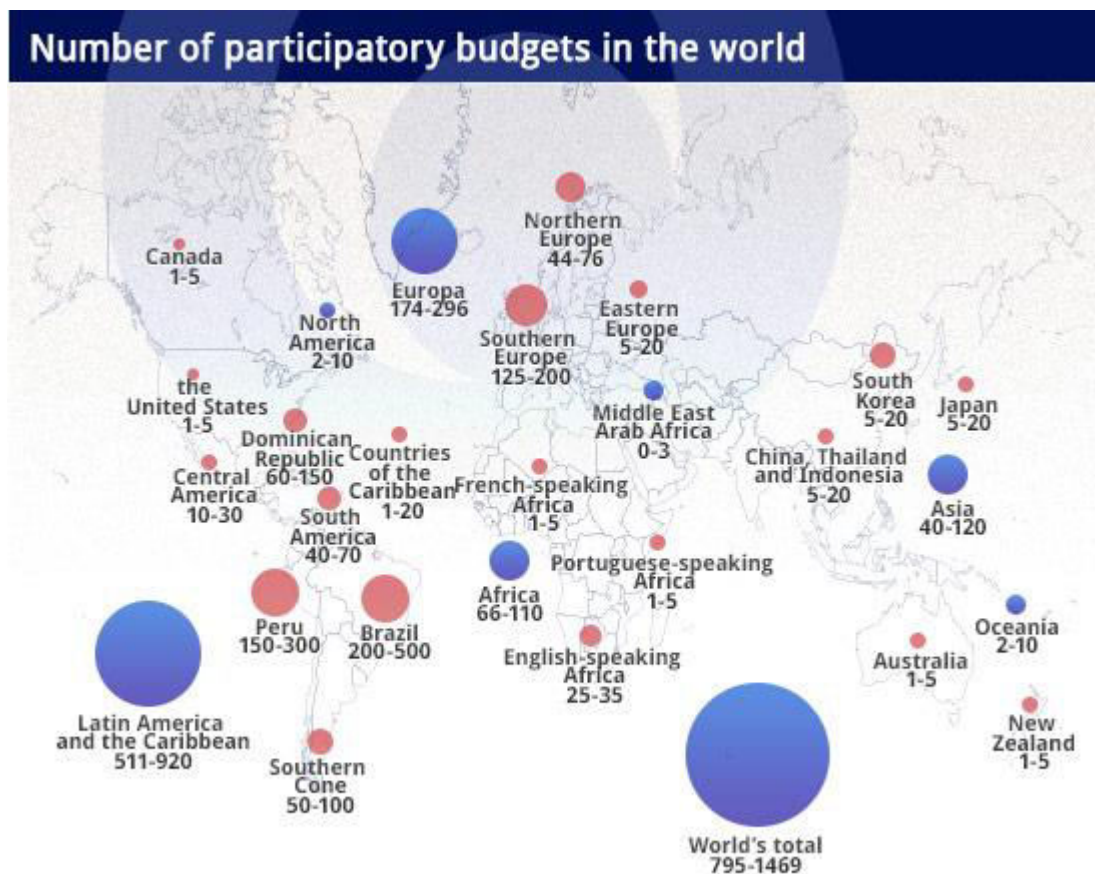

Source: Luisa Schumann 2017:32

Appendix 3.

The cycle of Participatory Budgeting in Porto Alegre

Appendix 4.

PB practices around the world

Number of participatory budgets in the world

Canada
1-5

North
America
2-10

the
United States
1-5

Central
America
10-30

Dominican
Republic 60-150

Countries
of the
Caribbean 1-20

South
America
40-70

Peru
150-300

Brazil
200-500

Latin America
and the Caribbean
511-920

Southern
Cone
50-100

Europa
174-296

Northern
Europe
44-76

Southern
Europe
125-200

Eastern
Europe
5-20

Middle East
Arab Africa
0-3

French-speaking
Africa
1-5

Portuguese-speaking
Africa
1-5

Africa
66-110

English-speaking
Africa
25-35

World's total
795-1469

South
Korea
5-20

Japan
5-20

China, Thailand
and Indonesia
5-20

Asia
40-120

Australia
1-5

Oceania
2-10

New
Zealand
1-5

Source. Mark Pivon (2015) Budgetlocator.com, Is North America Finally Ready to Embrace Participatory Budgeting?

Appendix 5.

Interview questions

Interview questions for those who designed and initiated the PB in Tartu (e-Governance Academy)
1. What drove you to design and lobby for the idea?   2. How did you know about this innovation?   3. Did any city/cities experience served as an example and why?   4. Why in Tartu?   5. What are the main factors which made you design this innovation for Tartu?   6. What factors made it possible for PB to be adopted in Tartu?   7. What kind of preconditions existed were necessary to implement the innovation in Tartu?   8. Which were the main difficulties on your way of persuading the city government of Tartu to enact PB?   9. What made PB implementation in Tartu successful?   10. Could you point out what has been improved/changed/created in Tartu since the implementation of PB in Tartu? (2013)   11. How did the city government accept the idea of PB adoption in Tartu?
Interview questions for adopters (city government representatives/politicians)
1. When did you first hear about PB?   2. What did you know about PB before you thought of enacting it in Tartu?   3. How did you get to know about PB?   4. What (and who) drove you to implement it in Tartu?   5. Did you examine the cities which previously adopted PB and if yes was there anything which motivated you from that city's experience?   6. What kinds of challenges you had while adopting PB in Tartu?   7. What factors made it possible for PB to be adopted in Tartu?   8. What kinds of effects it had so far for the society in Tartu?   9. Which are the outcomes from the PB that was worth its implementation?   10. Which would you do differently during the first stages of PB adoption in Tartu?

Appendix 6.

Coding frame

Demographic group: City government officials, NGO representatives	Number of participants: 10	
theme - Motivation	Initial interpretation	Category
Int1	1. Opportunity for people to learn 2. People to prioritize what is important 3. Citizens can understand why as a mayor of city or city gov., Council, are making those decisions, it is not easy to satisfy them 4. Make the civil society to be more active	**1. Educate citizens** **2. Put priorities** **3. People feel more satisfied with city government decisions** **4.Activate civil society**
Int2	1. citizen engagement 2. get attention from people 3. people feel connected to the city budget 4. empowering the society	**1.Citizen engagement** **2.Connect people to the city budget** **3. Attract people**
Int3	1. Engage people 2. The political will to engage people 3. Citizens to understand how the decisions are being made 4. Transparency	**1. Citizen engagement** **2. Educate citizens** **3. Transparency**
Int4	1. Make citizens have a good understanding of how the city budget is formed 2. Make the residents	**1. Educate citizens** **2. Do something new** **3. Citizen engagement** **4. Raise citizen awareness and care about budget**

	more conscious about the budget and more aware of participation 3. Natural desire to do something new and different 4. Raising citizens awareness and including citizens in the making decisions important for the city 5. Make people care about the budget	
Int5	1. Citizen participation 2. Activate people 3. Bring the people closer to the city government 4. Make the city life better 5. Projects come from real needs 6. Process of education about democracy	**1. Citizen engagement** **2. Connect citizens and city government** **3. Improve city life** **4. Educate citizens** **5. Address social needs**
Int6	1. International projects and public relations office was getting information about it	**1. International project**
Int7	1. New and interesting process, we wanted to try	**1. A new and interesting thing**
Int8	1. Direct control over some decisions 2. Participation 3. Giving more power to the people 4. The more informed the people are the more they are open for compromises and accept the need and requirements of others	**1. Citizen engagement** **2. Direct control** **3. Empowering citizens** **4. Educate citizens** **5. Gaining vote (possibly)** **6. EU project-international project**

	5. Educational tool 6. Adopted before elections-why did they do that, I have no idea (me→ gaining votes?) 7. EU project - but I don't know Direct control over some decisions	
Int9	1. Synergy of people 2. You get your thoughts to the public sector without beurocracy 3. Share it with people, if they are fair to say that at least there is some opportunity to say their word on how to spend it, which is a strong motive for implementing this project	**1. Community work** **2. Give people the opportunity to express their opinions**
Int10- NGO	1. Teach both sides (public power how to engage and civil society how to be engaged) 2. How to be active 3. How to take part of the responsibility 4. Demand by citizens 5. We used a window of opportunity because elections were coming 6. Average citizens don't understand how much budget city has -educate financial dimension 7. Teach the citizens how the budget is	**1. Educate citizens about engagement and budget** **2. Educate city government on how to engage citizens** **4. Demand by citizens** **5. A window of opportunity for upcoming elections** **6. Activate citizens** **7. Direct democracy** **8. Citizen impact** **9. Tackle community passivism** **10. Financial education**

	composed 8. For NGO- motivate, stimulate community activism 9. As much direct democracy as possible 10. Clearly see citizens input, their decisions, their contributions and impact 11. Teach the citizens how to lose, democracy works in that way, you don't necessarily need to win, u give good arguments, then they will be accepted 12. Educate citizens that democracy means that you don't win always, u need to accept other arguments also 13. To tackle the problem of community passivism 14. Tackle individualism and make them to collaborate 15. To educate citizens financially	

theme - Expectation	Initial interpretation	Category
Int1	1. Citizens learned the budgeting process <u>Challenges</u> 2. Hard to motivate people to take part in the process 3. Hard to motivate youngsters	**1. Citizens learnt** **2. Not much engagement** **3. Less engagement by youngsters**
Int2	1. Have stronger communities	**1. Strong community**

Int3	1. Not much success because the percentage of people who vote is around 5 % 2. Same people present the ideas every year 3. Knowledge of people was not increase 4. PB is a small part of the budget	**1. Less participation (voters)** **2. Knowledge not increased** **3. Same people present ideas**
Int4	1. Expectations did not reach 100 %, using up to 75% of opportunities available 2. Residents skills in presenting ideas are not entirely present and correct	**1. Citizen knowledge/skills didn't increase** **2. 75% of opportunities are being used**
Int5	1. More and more people are being involved in the process, hence, the expectations came true 2. People feel that they are heard and their opinion is important for the government 3. Ideas are turned into reality	**1. Citizen engagement (increasing every year)** **2. People feel they are heard**
Int6	1. Not many bright ideas 2. But ppl can feel that they are in contact with the city life	**1. Not many good ideas** **2. People feel connected to the city**
Int7	1. Goals not met - education on budget 2. Communication between	**1. Knowledge did not increase** **2. Communities communicate**

	communities improved	
Int8	1. Failed to be an educational tool for making ppl understand how the city budget is put together 2. Absolutely nothing to do with the budget, peace of budget set aside, ideas compete for that money 3. Helped to foster and facilitate the communities 4. Schoolchildren come together, create little community, one of the goals of PB-community work	**1. Knowledge did not increase** **2. Encourage communities** **3. Community work**
Int9	1. It has been working remarkable, as the projects offered and decided by citizens is an example of direct democracy 2. We can note the success of ruling party-PB as one of the outcome-small portion though 3. A small portion that has helped to gain votes	**1. Direct democracy** **2. The success of the ruling party (small portion)** **3. Gaining votes (small portion)**
Int10	1. A clear increase in participation 2. Young people don't participate much (3%) 3. No creativity 4. No out of box ideas 5. Still individualistic	**1. Participation increase** **2. Less participation by youngsters** **3. No creativity** **4. Individualistic**

Appendix 7.

CONSENT FORM

INFORMED AND VOLUNTARY CONSENT

I have been told about the purpose and topic of the interview, and how my responses will be used.

I have been able to ask questions about the interview and they have been answered.

I understand that any attributed quotes from the interview will only be used for the purposes of published academic work. If I have agreed to conduct the interview anonymously, I understand that quotes will be attributed to 'a party source familiar with the situation'.

I understand that I am not required to answer any of the questions and I can withdraw from the interview at any time.

I agree to participate in this interview and to it being digitally recorded.

Name: (print name)

Signature: **Date:**

Appendix 8.

Mapping themes and categories related to "motivation"

Appendix 9.

Mapping themes and categories related to "expectations from PB implementation"