

Involving citizens in public decision making: the case of participatory budgeting in Lithuania

LIUCIJA BIRSKYTE, PhD*

Preliminary communication**

JEL: H61, H72

doi: 10.3326/fintp.37.4.3

* The author would like to thank three anonymous referees for their useful comments and suggestions.

** Received: February 19, 2013

Accepted: July 26, 2013

Abstract

In times of increasing public distrust in government and its institutions, engaging the public in decision making may strengthen democracy as well as result in a more effective allocation of scarce public resources. Participatory budgeting has started in Brazil and spread around the world but is a new concept in some countries. The objective of this paper is to reveal the current situation of attempts to involve the public in making decisions on budget allocations in Lithuanian municipalities, disclose barriers to a more active participation, and propose possible strategies for greater public empowerment. For that purpose a survey was designed that was filled out by members of municipal councils. The results indicate that members of municipal councils are aware of the advantages of participatory budgeting. However, there are numerous barriers for meaningful citizen participation, including lack of financial resources, occasional incompetence of municipal administration, citizens' indifference, and bureaucratic inertia.

Keywords: participatory budgeting, participatory democracy, citizen empowerment, public, Lithuania

1 INTRODUCTION

Public trust in government is decreasing throughout the democratic world (Edelman Trust Barometer, 2012). There are many reasons for public distrust. Political scandals, corruption, cuts in public expenditure, individualism, and unreasonable expectations are part of the increasing public apathy and low turnout at elections. In contrast, we also witness public rallies, often violent, organized by disappointed and angry citizens. Lithuania is not an exception in this respect. In the period from 1989 to 1991 the public trust in government institutions was exceptionally high. However, as the political dividends earned during the “singing revolution” and the first years of transition started to dwindle, public trust deteriorated. A survey conducted in January 2013 indicated that only 20.5% of citizens over 18 years of age trusted the government (Vilmorus, 2013). Trust in parliament and political parties was even lower, at 9.6% and 5.4% respectively. Citizens trusted municipalities somewhat higher: 29.4% of respondents trusted local government. These low percentages clearly indicate that the “social contract” between the government and the governed is breaking down.

One of the possible ways to fix the situation is to improve relationships between government officials and ordinary citizens. Trust could be restored by making common decisions and accepting joint responsibility for actions taken. Participatory budgeting is one of the recently discovered methods to encourage citizens to take part in public decision making. Participatory budgeting was first used in Brazil and has successfully spread across the world. The main idea behind participatory budgeting is to provide an opportunity to use part of the budget allocated to the local government to fund projects prioritized by the residents of the locality. Participatory budgeting is a mechanism that allows the citizens of a specific juri-

sdiction to participate in decisions on the allocation and management of all or a part of the local government's available public financial resources (World Bank, 2013:21). Though currently public budgets are being tightened, investment in participatory budgeting may have a positive impact on social, political, and economic environment.

The objective of the research is to reveal the current situation with respect to participatory budgeting in Lithuanian municipalities and recommend ways to encourage citizen participation in decision making. To achieve the aims of the paper the method of experts' evaluation has been used. The results indicate that there are deficiencies in engaging citizens in decision making on budget allocation in Lithuanian municipalities. This research serves as a tool to evaluate the current situation in participatory democracy and to disclose possibilities for a wider and more active usage of participatory budgeting in Lithuania and in politically and economically similar countries.

The paper is organized in the following way. In section two a review of the literature concerning participatory and deliberative democracy and participatory budgeting is presented. It reveals the concept of participatory budgeting, the strengths and weaknesses of the participatory budgeting process, and reviews the background of participatory budgeting in Lithuania. The third section is devoted to a description of the research method used in the paper. The results of the experts' survey are presented and discussed in section four. Finally, the last section concludes and provides recommendations.

2 LITERATURE REVIEW

2.1 PARTICIPATORY AND DELIBERATIVE DEMOCRACY

Since the early 1960s, theorists in the fields of philosophy, sociology and politics have produced a substantial body of scholarship on the effectiveness of participatory and deliberative democracy as a way to empower community leaders and citizens to influence public decisions (Woods, 2012). Participatory democracy is based on an active and enduring participation of ordinary citizens in public decision making. An authentically democratic order entails promoting the political involvement of people in such areas as the workplace, civil associations as well as public institutions (Cini, 2011). Deliberative democracy stresses the discursive quality of the democratic rule. Democracy is seen as a domain of public discussion, dominated by "the unforced force of the better argument" (Habermas, 1984) and leading to the common good. The adherents of the deliberative democracy option are in favor of democracy in which people address collective problems by deliberating together about how best to solve them: democracy is thus associated with the image of deliberation. Though those two paradigms of democracy differ in some aspects, some theorists maintain that they are complementary rather than competing theories of democracy (Chambers, 2003; Cini, 2011). The matrix be-

low reflects various kinds of public events that use or don't use the methods of participatory and deliberative democracy (see table 1).

TABLE 1
Matrix of participatory and deliberative democracy

		Deliberative	
		Yes	No
Participatory	Yes	1) Municipality meetings	2) Voting in elections
	No	3) "Official" meetings	4) Implementation

Source: Woods (2012).

- 1) *Municipality meetings.* Municipality meetings use methods of both types of democracy. Citizens gather in the same location at the same time. The education function is used. Residents learn more about the current needs and discuss the possible solutions to common problems.
- 2) *Voting in elections.* By voting in elections citizens have the opportunity to participate, so participatory democracy gets expressed. However deliberative democracy is not involved. Citizens cannot propose new ideas at this stage of the democratic process.
- 3) *"Official" meetings.* In this instance deliberative democracy is used but participatory democracy is not used. Elected or appointed officials have an opportunity to discuss issues for a limited time and make decisions. Ordinary citizens don't have the opportunity to participate.
- 4) *Implementation.* During the execution phase neither participatory nor deliberative processes are generally used. At this stage the policies, programs and decisions adopted are implemented. Experts are usually consulted on technical matters. At this stage citizens' contributions are not beneficial.

Participatory democracy emphasizes the educational function (Woods, 2012). Democratic participation can be both empowering to the participants and effective in influencing the representative bodies that have the final power to make public decisions. Deliberative democracy focuses on creating legitimate conditions for decision makers to communicate with each other in order to make rational democratic decisions based on shared norms, values and objectives (Habermas, 1984). The key to success in fostering public involvement is to provide opportunities for and ease of participating to those who can make a decision or propose a policy, as well as to those who are affected by that decision or policy, and to have their positions and issues taken seriously. Both those theories of democracy contribute to the theoretical background of participatory budgeting. As indicated in the table above, municipality meetings, important in allowing participatory budgeting, use methods of both participatory and deliberative democracy.

2.2 PARTICIPATORY BUDGETING

The process of participatory budgeting is a recent phenomenon. Participatory budgeting started as an experiment to strengthen democracy through citizen participation in public decision making in 1989 in Porto Alegre, Brazil (Wampler, 2000). A powerful and effective method of citizen involvement in public resources management, it quickly attracted the attention of scholars and international organizations (Baiocchi, 2001; Baquero and Schneider, 2006; Heimans, 2002; Marquetti, Schonerwald da Silva and Campbell, 2011; World Bank, 2003; Zamboni, 2007).

Besides Brazil, countries in which some localities practice participatory budgeting include Albania, Bolivia, Belgium, the Czech Republic, Canada, Ireland, India, Italy, Spain, Uganda, the United Kingdom, Romania, and South Africa (Mikesell, 2013; Sintomer, Herzberg and Rocke, 2008).

Participatory budgeting can be defined as the process of decision making in which citizens discuss and negotiate the allocation of public resources (Wampler, 2000). Participatory budgeting unit, a project funded by the UK government with the purpose of encouraging participatory budgeting in that country, defines it as “engaging local citizens in making decisions on spending priorities for a defined public budget” (Department for Communities and Local Government, 2011). According to Sintomer, Herzberg and Rocke (2006) participatory budgeting, in order to be distinguished from other forms of democratic participation, should meet the following criteria:

- Financial or/and budgetary dimension must be discussed. Participatory budgeting deals with the problem of scarce resources.
- The process should happen at the city level or a decentralized district with an elected body and some power over administration (the neighborhood level is not enough).
- It has to be a repeated process (one meeting or one referendum on financial issues are not examples of participatory budgeting).
- The process must include some form of public deliberation within the framework of specific meetings. Citizen participation in administrative meetings or classical formal representation instances available to ordinary citizens is not participatory budgeting.
- Some accountability on the output is required (Sintomer, Herzberg and Rocke, 2006).

There are certain basic conditions for success in participatory budgeting. The first condition is the existence of strong progressive municipal governments that enjoy strong support from social movements, unions, and non-governmental organizations. A favorable broader political environment is also needed so that adversaries of the participatory budgeting will not obstruct the process. The second important condition is a well-organized civil society. Participatory budget programs depend upon the active participation of citizens. Higher rates of participation help to legi-

timize government policies as well as select new policies. A crucial condition is the availability of discretionary funding for programs. The more financial flexibility the government enjoys, the greater the influence citizens can exercise on the selection of new public projects and programs. Governments must have the resources to initiate public programs selected by the participants. Otherwise, citizens might view the participation as a waste of time and effort. However, in financially strapped municipalities citizens and the government must work together to develop creative solutions to the lack of available resources, including increase of tax collections, and other ways to boost public revenue sources (Wampler, 2000).

The World Bank is one of the international organizations interested in spreading participatory budgeting world-wide with to the aim of increasing transparency, accountability, and social inclusion in local governance. It has produced a sort of “toolkit” for successful implementation of participatory budgeting practices (World Bank, 2006). Participatory budgeting includes the usual phases of the budget cycle. However, the process requires citizen engagement throughout the cycle and is briefly described below:

- Citizens identify capital investments and projects to address the most urgent local needs;
- Feasibility studies are conducted in order to evaluate such investments and projects;
- Budget proposal is drafted for submission, possibly through the local mayor, to the local council;
- Monitoring over the budget approval process (review, discussion, and voting) is carried out;
- Monitoring of budget execution including tendering, bidding, and contracting for public projects;
- Control and evaluation of the execution of public projects or programs (World Bank, 2006).

The participatory budgeting cycle starts from meetings of citizens that are organized according to territorial units. In the first phase of meetings, local government representatives provide relevant information to citizens about the procedures of participatory budgeting, the execution of the current budget, reveal government priorities, and its revenue forecast. During the second phase citizens discuss and set community priorities and elect representatives to represent the community at the participatory budgeting council (World Bank, 2006). The participatory budgeting council consists of community representatives and the members of the local government. During the council meetings the priorities and proposed projects are analyzed. Information is gathered about each problem and project. Each priority is debated and at length the final draft of the participatory budget is adopted and proposed to the municipality council. The municipality council votes for the approval of the budget. At this stage the community representatives play an active role, too. They need to ensure that the approved budget corresponds to the propo-

sed draft budget. Monitoring is the last stage. After the budget is approved the budget monitoring committee is established in order to secure transparent procurement procedures and budget execution.

There are several advantages to participatory budgeting. First, it strengthens democracy. By creating a channel for citizens to give voice to their priorities, public budgeting thereby enhances the government's credibility and the citizens' trust. Second, it increases transparency in fiscal policy and public expenditure management by reducing scope for clientelistic practices, elite capture, and corruption. It also promotes social learning. By participating in the budget process the participants acquire knowledge about budgetary politics, and the status of the community. Third, it produces a more effective allocation of resources. It can also improve service delivery by linking needs identification, investment planning, tax systems and project management. Public budgeting is instrumental in making the allocation of public resources more inclusive and equitable and thus promotes social justice. Fourth, it helps to build stronger communities. Through regular and enduring meetings citizens learn more about each other and develop stronger ties and lasting relationships. It can also improve social accountability. By deciding what projects to fund participants take a certain part of responsibility for the choices (Cabannes, 2004; Lerner, 2011; World Bank, 2013).

However it is important to note that participatory budgeting is not a remedy for all democratic ills or unfair distribution of resources. This process has its own problems and challenges, among them:

- *Heightened citizen expectations.* If the government does not provide enough information about the scarcity of financial resources, citizens may demand goods that government is not able to provide.
- *Exceeded government capabilities.* The support of participatory budgeting is costly. The cost is both in time and money. These costs may be too high for the municipality to cover.
- *Sustainability.* Citizens tend to cease participation once their pet project has been implemented.
- *The quality of participation.* It is hard to include into the process representatives from all social and economic groups of society (World Bank, 2006).

To summarize, the participatory budgeting is an innovative mechanism which aims to involve citizens in the decision making process of public budgeting. The main features of participatory budget include a geographical structure that breaks down existing administrative boundaries facilitating citizen inclusion. Regular meetings and debates in geographical units should be organized to engage citizens in discussions to decide strategic priorities for capital investments and services. Monitoring of budget adoption process and budget execution needs to be carried out on a constant basis (World Bank, 2006). The main conditions for successful participatory budgeting are a strong support from the local government, well or-

ganized civil society, favorable political environment willing to protect participatory budgeting from adversaries, and enough discretionary resources to fund the chosen projects. The main advantages are democracy, transparency, social learning, and effective allocation of resources, social justice, and community building.

2.3 BACKGROUND FOR PARTICIPATORY BUDGETING IN LITHUANIA

In October 2011 under the auspices of the Council of Europe a survey of the role of central and regional government in participatory budgeting at local level was carried out (Vodusek and Biefnot, 2011). The purpose of the survey was to gather information for an overview of and insight into the policies of governments of member states aimed at strengthening participation in public life at local level. Lithuania was one of the respondents of that survey. The survey report revealed that Lithuania had no national and regional legislation or regulation on participatory budgeting, and that participatory budgeting had a low priority among government's policies. Respondents also indicated that participatory budgeting is not within the competence of the central government.

A conclusion can be drawn that participatory budgeting is not seen as a valuable instrument in encouraging citizen participation in public decision making in Lithuania. However as emphasized in the Report, the existing legal framework is neither a guarantee for successful participatory budgeting nor a strict prerequisite. "Effective implementation of participatory budgeting means to do more than what is prescribed by the law. The failure to apply participatory budgeting is the failure of local leaders, city administration and citizen activism. Participatory budgeting leads to mobilization of additional community resources to build public good" (Vodusek and Biefnot, 2011:11).

As an attempt to involve citizens in decision making the common project by the Ministry of Finance of Lithuania and news portal Delfi called "Make your own budget" can be mentioned. The project was announced on the website of the Ministry of Finance for the fiscal year 2010 and continued in the years 2011 and 2012 (Ministry of Finance of Lithuania, 2013). Participants are given budget estimates for each major government program for the coming budgetary year. Their task is to make changes in allocations in order to balance the budget. The drawback of this initiative is that the participation is very impersonal. Participants do not carry any accountability. The revenue estimates do not include the EU funds. Besides, the purpose of the project is educational; it is not a long-term project requiring citizens' input on spending priorities.

There is no specific legislation on participatory budgeting but the municipalities can involve citizens in decision making on the basis of existing legislative framework, e.g. the European Charter on Local Self-government, the Law of the Republic of Lithuania on Local Self-government, the Law of the Republic of Li-

thuania on Petitioning. According to the existing law, bodies of local self-government should create conditions for citizen participation in public decision making, organize surveys, encourage and protect citizen initiatives on various civic matters (Law on Petitioning, 1999; Law on Self-government, 2000). The Law on Self-government specifically provides for public discussion of the draft budget (*ibid.*). It can be concluded that the foundations for the introduction and development of participatory budgeting in Lithuania do exist. This research is an attempt to find opportunities for and obstacles to full-fledged participatory budgeting in Lithuania.

3 METHODOLOGY

The aim of the research is to examine the current situation of citizen involvement in public budgeting in Lithuanian municipalities, to disclose experts' opinion on participatory budgeting, and to evaluate the possibilities for the implementation of participatory budgeting in this country.

The method of experts' evaluation has been chosen for this research. This method belongs to the class of qualitative research methods. The choice of this method has been prompted by the fact that most of the citizens are not familiar with the concept of participatory budgeting or its practical implementation. Expert opinion is invoked to evaluate the current situation of citizens' involvement in decision making on public budgeting on municipality level as well as the advantages and disadvantages of participatory budgeting in Lithuania.

The method of experts' evaluation is understood as a generalized experts' opinion. It uses a specialist's (expert's) knowledge, experience, and intuition. The experts' evaluation is a procedure that allows us to consolidate the opinions of separate experts and draw a common conclusion (Rudzkiene, 2005). In the case of experts' evaluation it is impossible to draw a representative sample. Instead a sample is drawn based on the non-probabilistic selection method. "The reliability of the expert's evaluation method depends upon the selection of experts. Selected experts must be competent persons, have specialized expertise in the area directly related to the research object" (Tidikis, 2003:517). The size of the group (number of experts) also depends upon the competency of experts (Rudzkiene and Augustinaitis, 2009). In order to ensure the validity and reliability of experts' evaluation the size of the group should not be less than five experts. However, sometimes the number of experts may reach 30 or 40. The optimal recommended size of the group is from 8 to 10 experts (*ibid.*, 2009). For this research the members of budget committees of Lithuanian municipalities were chosen as experts' pool.¹ In order to select competent respondents the following requirements were applied: the

¹ Each municipality has a budget committee variously called "economics and finance, and budget committee", or "finance and budget committee". The main function of the committee is to consider the draft annual municipality budget before submitting it for the adoption by the municipality council. Depending upon the size of the municipality the committee may undertake other tasks related to the financial management of municipal property and financial assets, make proposals on revenue sources (Association of Local Authorities in Lithuania).

expert's educational attainment could be no less than a college degree or higher and the expert must have no less than 5 years of job experience in municipality council and membership in the budget committee.

In this research the experts' evaluation was conducted with the use of a survey. A questionnaire was designed and sent out for the experts to fill out. This method allows data to be gathered in a time-saving manner. The questionnaire uses close-ended (multiple choice and ranking) questions as well as some open-ended (comment box) questions. Ranking questions employ a Likert scale with five possible answers using a 1-to-5 rating scale where "1" means "strongly agree" to the notion and "5" means "strongly disagree" of the notion. The questionnaire² contains 13 questions. Each question is designed to achieve certain goals as reflected in table 2.

TABLE 2
Research goals and corresponding questions in the questionnaire

Goals	Questions
1) Examine the current situation of citizen involvement in public budgeting in Lithuanian municipalities	1, 2, 3, 4, 5
2) Disclose experts' opinion on participatory budgeting in Lithuanian municipalities	6, 7, 8
3) Evaluate the possibilities for implementation of participatory budgeting in this country and for further citizen involvement	9, 10
4) Evaluate the competence of experts	11, 12, 13

Having in mind the high competency requirements and possible low response rate due to the chosen questionnaire distribution method (questionnaires were sent out by e-mail) the questionnaire was sent to all members of the budget committees in all municipalities. There are 60 municipalities in Lithuania. In total 247 emails were sent out with questionnaires. Twenty three questionnaires failed to reach the addressee due to technical reasons, like invalid e-mail address. Thirty responses were received during the first week. The questionnaire was sent repeatedly to experts who did not answer during the first week. At the end of the research period 41 filled questionnaires were received. After the elimination of questionnaires containing mistakes and missing data, 17 questionnaires met competency requirements and were used for analysis.

This method requires formal testing of the compatibility of experts' evaluations. The compatibility of the expert evaluations was tested using Kendall's W (Kendall's coefficient of concordance). Kendall's coefficient of concordance for ranks (W) calculates agreements between experts as they rank a number of items according to particular characteristics. If the test statistic W is 1, then all the survey respondents have been unanimous, and each respondent has assigned the same order

²The full questionnaire is available from the author upon request.

to the list of items. If W is 0, then there is no overall trend of agreement among the respondents, and their responses may be regarded as essentially random. The following hypotheses are formed:

H_0 : The expert evaluations are conflicting (Kendall's W is equal to zero);

H_A : The expert evaluations are similar (Kendall's W is not equal to zero).

Kendall's coefficient of concordance is calculated according to the following formula:

$$W = \frac{12S^2}{m^2(k^3 - k) - m \sum_{i=1}^r T_i^2} \quad (1)$$

Where

W is the coefficient of concordance

S^2 is the sum of squared deviations

m is the number of experts

k is the number of alternatives

r is the number of rows that contain coinciding ranking

T_i is the number of coinciding rankings in the first row of ranks.

For the data set based on the survey Kendall's W has been calculated using statistical package SPSS (version 13). Results are presented in table 3.

TABLE 3

Test statistics for expert compatibility

Kendall's coefficient of concordance	0.714
Chi-square	48.564
Degrees of freedom	4
Number of experts	17
Asymp	0.000

Source: Calculated by the author using SPSS.

The responses to ranking question 7 that are summarized in figure 3 below were used to test the compatibility of experts' evaluations. The calculated Kendall's coefficient of concordance of 0.714 indicates a high level of agreement among experts in evaluating proposed items. We can reject the null hypothesis that the experts' evaluations are conflicting at the 0.00 level of statistical significance. The test statistics indicate that results obtained through the chosen methodology are robust.

4 RESEARCH RESULTS AND ANALYSIS

The first question asked if citizens took part in drafting the municipality budget. 71% of respondents answered "yes", while 29% of respondents answered "no".

According to experts' answers, citizens do participate in forming municipality budgets. However, the level of involvement is not clear. The second two questions were created to cast more light on the degree of participation. The respondents who answered the first question affirmatively are asked to list how citizens participate in budget formation. Eleven experts (92%) indicated that citizens make proposals on investment (infrastructure) projects. Six experts (50%) indicated that the municipality council received proposals that emerge from the community meetings and were communicated through the formal leaders of the smallest administrative unit. Three experts (25%) mentioned that citizens have an opportunity to participate and express their opinion at municipality council meetings. Two respondents (17%) mentioned that municipality residents are consulted in making certain budgetary decisions. These results allow drawing the conclusion that citizens mainly participate in the budget formation process by making proposals on infrastructure projects.

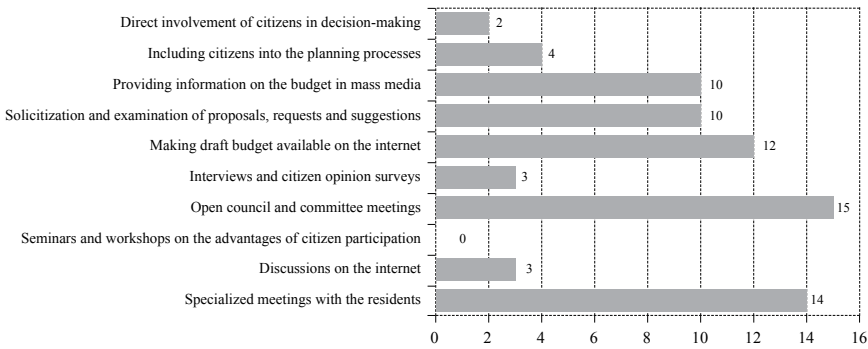
The five respondents who answered the first question negatively were asked to list the major reasons for citizens' non-participation in budget formation process. The experts' arguments can be summarized in the following way:

- Though there is a legal basis and practical arrangements for citizens' participation in budget decision making the problem lies with the project implementation. Implementation as a rule happens with delays because of the incompetence, arrogance and irresponsibility of persons and organizations responsible for project implementation.
- Lack of discretionary funds. Municipality budget often runs a deficit and there are not enough resources to pay for the usual goods and services provided by the municipality. Therefore even if citizens propose certain projects there's no possibility to fund such projects.
- Citizens have an opportunity to participate in decision making but do not take advantage of that opportunity in an organized way and on regular basis. Some individuals sometimes approach the committee members (those they know personally and trust) with proposals like fixing a road. In that case, the council members propose to include that project into the budget during budget deliberations.
- The autocracy of municipality managers, mayoral dictatorship, absence of civil society.
- Mentality lingering from the Soviet (communist rule) times. Residents don't want to participate in decision making because they do not want to be held accountable for decisions made. Citizens are active only during elections and the formation of the municipality administration.

The fourth question asked if citizens were encouraged to participate in decision making on budgetary matters in their municipalities. Sixteen respondents (94%) answered "yes", and only one responded negatively. The aim of the fifth question was to clarify what methods were used to encourage citizen participation.

FIGURE 1

What methods are used to encourage citizen participation in budget formation?

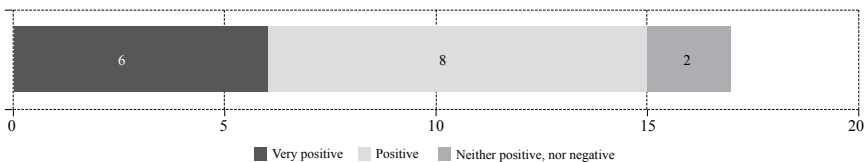


Fifteen experts indicated that citizen participation was encouraged by making municipal council and committee meetings open to the public. The next most popular method “specialized meetings with the residents” was indicated by 14 experts. Twelve experts mentioned the “availability of draft budget on the internet” as means to involve citizens. An equal number of experts (10) indicated the usage of such methods as “providing information about the budget in the mass media” and “solicitization and examination of citizen proposals, requests, and suggestions”. Four respondents indicated that they included residents into the planning processes. Only three experts mentioned discussions via internet. Two respondents indicated that citizens were directly involved in decision making. However, it is not possible to tell how exactly this was achieved. None of the experts mentioned the method “organization of seminars and workshops on the advantages of citizen participation”. This means that the education function is neglected which in turn may explain citizen passivity.

The aim of the sixth question was to clarify experts’ opinions on the effects of citizen participation in budget formation.

FIGURE 2

In your opinion, what is the impact of citizen participation in budgetary decision making?



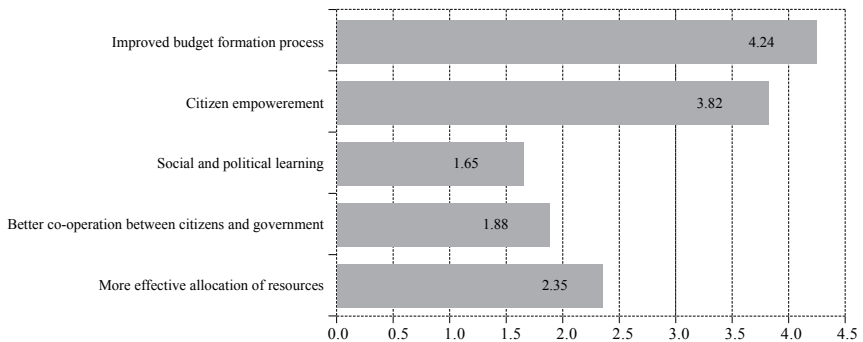
Fourteen respondents indicated that citizen participation have a very positive or a positive impact on budget formation. Two respondents indicated that citizen par-

ticipation had no impact on budget formation.³ Average score on the Likert scale is 4.2.

The next question was formed to glean a more specific impact of citizen participation in budget formation. Experts who answered that citizen participation had a positive or very positive impact on budget formation were asked to evaluate different aspects of the positive impact of citizen involvement in budgetary decision making (see figure 3).

FIGURE 3

Experts' opinion on the advantages of citizen involvement in budget formation



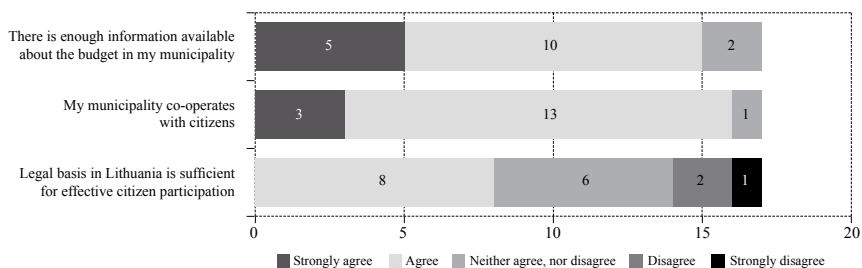
On the scale from 1 to 5, 1 meaning “most important” and 5 meaning “least important” experts were asked to evaluate various advantages of citizen participation. The most important advantage according to experts was “social and political learning” of citizens, the next highly rated advantage was the “better co-operation between citizens and the government”, followed by “a more effective allocation of resources” and “citizen empowerment”. In the experts’ opinion “the improvement of budget formation process” was the least important advantage of citizen participation.

Since none of the experts indicated a “negative” or “very negative” impact of citizen participation on budget formation, the eighth question designed to evaluate negative impact of citizen participation was omitted. The ninth question was designed to evaluate the status of the broader context of citizen involvement in public decision making.

³ Only one expert indicated that citizen participation had a negative impact on budget formation but in order to meet the criterion of the compatibility of experts’ opinion this respondent was not included into the final sample.

FIGURE 4

Please evaluate the following statements from 1 meaning "strongly agree" to 5 meaning "strongly disagree"



The statement "There is enough information about the budget of my municipality" was rated "1" meaning "strongly agree" by five experts. Ten experts agreed with the statement, and two experts neither agreed nor disagreed with the statement. The average rating on the Likert scale is 4.2. The next statement "My municipality co-operates with citizens" received an average rating of 4.1 on the Likert scale. Experts' opinion was more divided in an evaluation of the statement: "The legal basis is sufficient in Lithuania for effective citizen participation". The average score was 3.2. Accordingly, experts are quite united in the opinion that citizens are informed but are less certain about the existence of legal framework for active citizen involvement in public decision making.

The tenth question aimed at finding experts' opinion on the ways to improve citizen involvement in the budgeting process. The proposals can be summarized as follows:

- Make draft budget available in a simplified, easily understandable form. Start discussions on funding priorities on the municipality web-site.
- Ensure greater openness especially on the budget execution. Citizens will be more motivated to participate in budget formation if they feel that their involvement "makes a difference", that they are not wasting time.
- Provide more information on the budget formation process.
- Citizens should be more active in making specific proposals through the formal leaders of the smallest administrative territorial units (closest to the people) and through the members of municipality council.
- More meetings with the residents should be organized.
- Organize special meetings only with the supporters (and voters) of one party. Citizens' appeals and proposals should be taken seriously (not only formally).

Experts emphasized the need for a "two-way street" exchange of information. Municipality should provide information about the budget formation principles, process, and execution. Citizens should voice their needs and preferences.

5 CONCLUSIONS AND RECOMMENDATIONS

The results of the research provide evidence that citizen involvement in budgetary decision making in Lithuania is a slow process, and far from complete. The current methods and efforts to involve citizens in public decision making are neither sufficient nor effective. Though municipality councils view citizen participation in the municipality budget formation as a favorable development the actual participation is largely limited to providing information on decisions already made, or making municipality meetings open to the public. Citizens are rarely if ever included into the planning processes. Discussions with citizens, interviews or opinion surveys are rarely organized and implemented. Citizen education on the advantages of civic participation is also a neglected, and thus an opportunity to raise citizens' interest in public life is missed. Citizen participation proceeds on an ad hoc basis and has no enduring impact. Occasionally clientelistic practices take place.

There are many barriers to active citizen involvement in budget formation in Lithuanian municipalities. Some barriers are objective and hard to change. The most important obstacle is the lack of discretionary funds. As mentioned earlier one of the basic preconditions for successful implementation of participatory budgeting is availability of discretionary funds. Meaningful participation requires that projects and programs proposed by citizens are actually implemented. Other barriers include the incompetence and arrogance of officials responsible for budget execution and for project implementation, and citizen apathy. Citizen involvement is a crucial component of participatory budgeting. Without active citizen engagement participatory budgeting cannot be successful. Lack of citizen participation in civic life could be explained by the communist legacy when citizen initiative was not desirable and even punishable. However, it can also be the result of current bureaucratic inertia. Citizen involvement is officially encouraged; however, the input has no impact on actual decisions. Citizen participation is mainly passive and remains formal. Citizens do not feel empowered.

The research indicates that members of municipality councils see positive impact of citizen participation in budgeting processes including citizen empowerment, a better co-operation between citizens and the government, and a more effective allocation of budget resources. Based on those findings the implementation of participatory budgeting in Lithuania could proceed in the following way:

- Teach the executive branch of the municipality (and central) government about the advantages of participatory budgeting.
- Encourage citizen participation in public decision making in an organized and enduring way.
- Study the process of participatory budgeting that has been successfully implemented in Brazil and some experiments in European countries: Spain (Cordoba, Albacete and Sevilla), Italy (Pieve Emmanuele, Grottoammare), Belgium (Mons), and others (Sintomer et al., 2008).

- Select a local government unit for an experimental participatory budget and carry out a pilot project. (Ideally it would be the case of a self-selection.) Learn from the strengths and weaknesses of the process for the possible spread of participatory budgeting practices to other municipalities.

Successful implementation of participatory budgeting depends on willing and empowered citizens but it needs to be facilitated by an innovative, strong local government, and supported by broader political and societal forces.

REFERENCES

1. Baiocchi, G., 2001. Participation, activism, and politics: The Porte Alegre experiment and deliberative democratic theory. *Politics & Society*, 29(1), pp. 43-72. doi: 10.1177/0032329201029001003
2. Baquero, M. and Schneider, A., 2006. Get what you want, give what you can: embedded public finance in Porto Alegre. *IDS Working Paper 266* [online]. Available at: <www.ids.ac.uk/ids>.
3. Cabannes, Y., 2004. Participatory budgeting: a significant contribution to participatory democracy. *Environment and Urbanization*, 16(1), pp. 27-46.
4. Chambers, S., 2003. Deliberative democratic theory. *Annual Review of Political Science*, 6, pp. 307-326. doi: 10.1146/annurev.polisci.6.121901.085538
5. Cini, L., 2011. Between Participation and Deliberation: Toward a New Standard for Assessing Democracy? *Paper presented at the 9th Pavia Graduate Conference in Political Philosophy* [online]. Available at: <http://www.academia.edu/1369778/Deliberative_and_Participatory_Democracy_Towards_a_New_Model_of_Radical_Democracy>.
6. Department for Communities and Local Government, 2011. *Communities in the driving seat: A study of Participatory Budgeting in England* [online]. Available at: <www.gov.uk/government/uploads/system/uploads/attachment_data/file/6152/19932231.pdf>.
7. Edelman Trust Barometer, 2012. *Record decline in Government* [online]. Available at: <http://www.slideshare.net/fullscreen/EdelmanInsights/2012-edelman-trust-barometer-global-deck/5>.
8. Habermas, J., 1984. *The Theory of Communicative Action*. Boston: Beacon Press.
9. Heimans, J., 2002. *Strengthening participation in public expenditure management: policy recommendations for key stakeholders*. Paris: OECD. doi: 10.1787/640564834060
10. Law on Petitioning, VIII-1313 (1999).
11. Law on Self-government, VIII-2018 (2000).
12. Lerner, J., 2011. Participatory budgeting: Building community agreement around tough budget decisions. *National Civic Review*, 100(2), pp. 30-35. doi: 10.1002/ncr.20059
13. LSA, 2013. <http://www.lsa.lt>.
14. Marquetti, A., Schonerwald da Silva, C. E. and Campbell, A., 2011. Participatory Economic Democracy in Action: Participatory Budgeting in Porto Alegre, 1989-2004. *Review of Radical Political Economics*. doi: 10.1177/0486613411418055
15. Mikesell, L. J., 2013. *Fiscal Administration: Analysis and Applications for the Public Sector*. Boston, MA: Wadsworth Cengage Learning.

16. Ministry of Finance of Lithuania, 2013. Internet users made the state budget of their own [online]. Available at: <http://www.finmin.lt/web/finmin/pranesimai_spaudai?erp_item=naujiena_001259>.
17. Rudzkiene, V., 2005. *Social Statistics*. Vilnius: Mykolas Romeris University Publication Centre.
18. Rudzkiene, V. and Augustinaitis, A., 2009. *Guidelines for E-Government in Lithuania: Insights for the Future*. Vilnius: Publication Center of Mykolas Romeris University.
19. Sintomer, Y., Herzberg, C. and Rocke, A., 2006. *Participatory budgets in Europe: between civic participation and modernization of public administration* [online]. Available at: <<http://baierle.files.wordpress.com/2007/06/yves-sintomer-power-point.pdf>>.
20. Sintomer, Y., Herzberg, C. and Rocke, A., 2008. Participatory Budgeting in Europe: Potentials and Challenges. *International Journal of Urban and Regional Research*, 32(1), pp. 164-178. doi: 10.1111/j.1468-2427.2008.00777.x
21. Tidikis, R., 2003. *Research methods for social sciences*. Vilnius: Lithuanian Law Institute.
22. Vilmorus, 2013. *Naujienos. Pasitikejimas politikais* [online]. Available at: <<http://www.vilmorus.lt/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=2&cntnt01returnid=20>>.
23. Vodusek, N. and Biefnot, A., 2011. *Report on the CDLR survey of the role of central/regional government in participatory budgeting at local level*. Strasbourg: Council of Europe.
24. Wampler, B., 2000. *A guide to participatory budgeting* [online]. Available at: <<http://www.internationalbudget.org/wp-content/uploads/A-Guide-to-Participatory-Budgets.pdf>>.
25. Woods, D. W., 2012. *The Ethos of Participatory and Deliberative Democracy in Rebuilding the Civil Sphere: Dewey, Mead, and Alexander* [online]. Available at: <<http://www.philosophy.uncc.edu/mleldrid/SAAP/CLT/P48G.htm>>.
26. World Bank, 2003. *Case Study 2 - Porto Alegre, Brazil: Participatory approaches in budgeting and public expenditure management* [online]. Available at: <<http://siteresources.worldbank.org/INTPCENG/1143372-1116506093229/20511036/sdn71.pdf>>.
27. World Bank, 2006. *Participatory budgeting toolkit for local governments in Albania* [online]. Available at: <<http://documents.worldbank.org/curated/en/2006/12/9397466/participatory-budgeting-toolkit-local-governments-albania>>.
28. World Bank, 2013. *Participatory Budget Formulation* Washington: The World Bank.

29. Zamboni, Y., 2007. *Participatory Budgeting and Local Governance: An Evidence-Based Evaluation of Participatory Budgeting Experiences in Brazil*. Bristol: Bristol University.