

# **Best Practice of Participatory Budgeting in Germany – Chances and Limits**

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*Draft, Comments are welcome.*

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## 1 INTRODUCTION

Participatory budgets (or citizen's budgets) are a modern form of the involvement of inhabitants in the discussion of the municipal budget and/or allocation of municipal public finances in a direct, permanent and independent way.<sup>1</sup>

Participatory budgets are formal procedures for any city all over the world, independent from their size and number of population. The instrument is very flexible and adaptable to different politico-administrative systems and variable political orientations. It's suitable to the current governance trend of local reforms and can be combined with other instruments of local democracy. (See Franzke 2007)

The idea of including citizens in the local budgetary decision process was invented first in Brazil in the city of *Porto Alegre* in 1989 under the name *Orçamento Participativo* (See Herzberg 2001; Baiocchi 2005). Since then the idea spread over Brazil, other countries of Latin and North America, Asia, Africa and finally Europe (See World Bank 2007, Wampler 2000). But according to different legal frameworks, varied socio-economical conditions and diverse political intentions of the supporters of participatory budgets the procedure in different countries is highly specific. Therefore, the main research question of this contribution is to find out, how participatory budgets can be adapted to the legal, political and administrative framework condition at local level in Germany. This includes the question of the possible additional benefit of the procedure for local democracy.

However, it has been taken into account, that the data about the conditions and results of participatory budgets in Germany are frequently based only on information of the projects organizers.<sup>2</sup> Scientific evaluations of individual projects are still rather rare (with the exception of *Berlin-Lichtenberg* and *Cologne*). At this stage of developments of participatory budgeting in Germany it may be useful, to map the state of the art, to describe the standards of the procedure in Germany and to affiliate some further research questions.

## 2 THEORETICAL CONSIDERATIONS

Participatory budgets in German municipalities are a new procedure of local governance since app. ten years. Meanwhile in Germany citizen participation takes place on all possible levels and to nearly all topics. Only the crucial budget plan, which fix the local financial and political priorities for the next year, remain for long time a taboo for real citizen's participation. But it exposed to be the largest participation gap.

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<sup>1</sup> This paper is based on the findings of a research project on participatory budgeting in Germany, which the paper giver together with Prof. Heinz Kleger carried through between 2005 and 2009. Its preliminary results were published in two anthologies (Kleger/Franzke 2006; Kleger/Franzke 2008) and some thesis's, supervised by Heinz Kleger or me (Herzberg 2001 und 2009, Weise 2006, Buß 2008, Roeder 2010). The final publication of the research results is actually in print: Franzke, Jochen/Kleger, Heinz (2010): *Kommunale Bürgerhaushalte. Potentiale, Chancen und Grenzen*, Berlin: Edition Sigma. With this paper a short version of them is presented.

<sup>2</sup> The internet-homepage of "[www.buergerhaushalt.org](http://www.buergerhaushalt.org)" is helpful to win additional information.

Their innovative character of citizen's budgets is especially based on a unique combination of two different trajectories of local reforms: on the one hand they are part of public management reforms, aiming to improve the quality of public budgets as the main steering instrument of local politics (See Bovaird/Löffler 2002). On the other hand they belong to the participatory reforms, aiming to increase citizen's attendance in the local decision making process. So citizen's budgets both as subject of public management and local democracy comprise issues of efficiency, effectiveness, and legitimacy as well as legality of local policy.

Both trajectories of local administrative reforms are based upon an intensive theoretical discussion within political and administrative sciences. The first one is the local governance debate, analyzing possible new steering methods for solving local problems. (See Elster 1998, Bogason 2001; Denters 2005; Bovaird 2007; Kooiman 2007; Franzke et al. 2007, OECD 2009) The second one is dealing with the "delegative democracy" as a new subtype of local democracy, combining elements of representative and direct democracy. (See Habermas 1992, O'Donnell 1994, Sousa 1998, Abers 2000)

Sintomer, Herzberg and Roecke developed a general definition of participatory budgets. They try to define there "minimal requisites in order to clearly differentiate this participatory procedure from others (such as neighbourhood funds or community development) and which, at the same time, is comprehensive enough in order to give sufficient leeway to procedures with different specificities". (Sintomer et al. 2007, 118, See also Sintomer et al. 2010, Heimans 2002) According to them, participatory budgeting allows the participation of nonelected citizens in the conception and/or allocation of public finances under the following circumstances: (See Sintomer et al. 2010: 39ff.)

- The financial and/or budgetary dimension must be discussed; participatory budgeting is dealing with the problem of limited resources.
- The city level or a (decentralized) district with an elected body and some power over administration has to be involved. The neighbourhood level is not enough.
- It has to be a repeated process. One meeting or referendum on financial issues can't be called participatory budget.
- The process must include some form of public deliberation within the framework of specific meetings or forums. The opening of administrative meetings or representative instances to "normal" citizens is no participatory budgeting.
- Some accountability on the output is required.

On the basis of this definition Sintomer, Herzberg and Röcke developed six models of participatory budgeting in Europa: Porto Alegre adapted for Europe; Participation of organized interests; Community funds on local and city level; the public/private negotiation table; Proximity participation and consultation on public finances. (See Sintomer et al. 2007: 119ff.)

For Germany this set of models is possibly too broad. Therefore it may be useful to describe different levels of participatory budgeting according to the limits, set by German law for citizens inclusion in the decision on local budgets (as the exclusive right of the local councillors). So at the moment only two of the above mentioned models are relevant for Germany:

- "*Consultation on public finances*": The procedure of this model is standardised: information, consultation and accountability. It's usually open to all citizens and inhabitants. It can aim either to evaluate public services and institutions or to budget balancing. The municipal administration sets the agenda and elaborates the methodology. The procedural autonomy of the civil society within this procedure is relatively weak. This model is far common in Germany (e. g. *Hilden, Rheinstetten, Emsdetten*).
- "*Proximity*" *participation*: This model partially accedes over the pure consultations on public finances. It includes more parts of the local budget as investments on neighbourhood-level and strategic planning on city level. The neighbourhoods are integrated in the discussion process. All in all the level of formal integration of civil society and the deliberative quality in this model is higher than in the consultation model. This model is typical for e. g. *Berlin-Lichtenberg, Berlin-Marzahn-Hellersdorf*.

According to this legal restrictions in Germany a four levels participatory budgeting are permitted: Better Information on the budget, more transparency of the budget, more accountability of councillors in budgetary affairs and finally changes in the local budgetary decision procedures. (See Ebandon/Franklin 2004, 2006)

#### *Level I: Better Information on the Budget*

Better, more continuous and real information of the citizens about the financial situation of the municipality is definitely one prerequisite for a citizen's budget. This process may strengthen the citizen's understanding for the needs within municipal budgetary policy, in financially difficult times even for possible cuts in the budget. The way of managing better information on the budget includes two different tasks: Primarily, the local administration and especially the councillors are responsible for increasing the quality of their information policy, particularly by using modern IT. Naturally the local media play also an important role. On the other hand, the citizens and their organizations are called upon to permanently claim more information about the budget. By better information a local budget does not become, however, yet the citizen's budget. But it is a high symbolic step into this direction.

#### *Level II: More Transparency of the Budget*

The "traditional" local budget is a bulky good of information. So far it is readably only for some of the local councillors, for most of the citizens, however, it remains "a book with seven seals". Better information is not enough to change this situation; additionally more transparency of the local budgets is needed. It has to be made

"readable", easily understandable to the citizens for better assessing the performance of local finances. Then the true local financial situation become more visible to them. More transparency of the budget may also change the behaviour of the councillors. Budgetary affairs will be than more public than before; by citizen's budgets they can also faster response to people's demands. But establishing more transparency of the budget is first of all a task for local administration. It has to adopt resources for his new task and develop methods for making the budget transparent.

#### *Level III: More Accountability of Councillors in Budgetary Affairs*

At this level the councillors recognizing the citizens as consultants in the budgetary procedure, possibly with own independent committees. This includes on the other hand the acceptance of councillors' right for final deciding budgetary affairs by the citizens. But the councillors affirm to explain their decisions on citizen's suggestions for bringing more accountability in the budgetary process. At this level the citizen's budget process forms an element of cooperative local democracy.

#### *Level IV: Changes in Local Budgetary Decision Procedures*

The highest level of citizen's budgeting will be reached, when the citizens can decide directly on the municipal budget or parts of it. The legal preconditions for this radical change in the local budgetary decision procedures in Germany do still not exist. Possibly this problem could be solve, when the proposals of the annual citizen's budget procedure will be get by decision of the local council topic of a citizen's decision (referenda). By this way citizen's budgets could be an element of direct local democracy.

Citizen's budgets can be included in the current reform concept of establish "Citizen's Municipalities" ("Bürgerkommunen"), a concept actually very popular in Germany (See Bogumil et al. 2003). To overcome the crisis of local autonomy (e. g. financial crisis and decisional leeway) municipalities shall be revitalized. In this process the classical "power triangle" between citizens (and its organizations), local politicians (councillors) and local administration shall be newly arranged. Citizens shall be included more directly in the solution of local public problems to reach the following aims (See Bogumil et al. 2003):

- Higher acceptance (citizen's satisfaction with local services and planning);
- More democracy (stronger citizen's participation in the local decision process);
- Stronger solidarity and identity (helpfulness of citizens among themselves and their identification with the city);
- Higher efficiency (discharge of the local budgets);
- Higher effectiveness (improve local policy performance).

### 3. BUDGETS AS CORE COMPETENCY OF GERMAN MUNICIPAL COUNCILS

The legally prescribed local budget is the most important planning and control instrument of German municipalities. The right to conclude on the budget is in Germany exclusively reserved to the local council as of the people directly elected local representative organ. Citizen's direct decisions on local budgets aren't permitted until now. Thus, many councillors are regarding the budget right as their core competency („the king's right “).

The local budget itself is based on the budget plan, which has been generated annually on the basis of certain general legal principles. It includes on the one hand the so-called administrative budget (*Verwaltungshaushalt*), which contains incomes and expenditures of the continuous municipal business activities (the local „current account“). On the other hand it includes the so-called capital budget (*Vermögenshaushalt*), which contains incomes and expenditures, changing municipal capital or debts (the local „passbook“). The budget plan covers the planning of all incomes and/or expenditures of a municipality and becomes obligatory in form of a municipal statute.

The local budget affects naturally the social and cultural life in a municipality and their future development substantially. It illustrates the local distribution conditions and reflects the locally set political (distribution) priorities. Hence, budgetary planning is an important political instrument with various material and procedural functions (see Tab. 1).

Table 1: Functions of Municipal Budgets

<i>Material functions</i>	
Political program function	Budget shall set priorities of the fulfilment of public tasks (quality of municipal services)
Balance function	Budget shall balance revenues and expenditures
External steering function	Budget shall change local society according to political priorities
<i>Procedural functions</i>	
Planning function	Budget shall specify revenues and expenditures in advance
Internal steering function	Budget shall control the ongoing administrative acting, establish adjustment between needs and resources
Control function	Budget shall form the basis for accompanying and additional internal and/or external examinations

Source: According to Mäding 2005: 341f., Schwarting 2006: 49.

The local budget steering suffers in Germany for many years at a number of external structural deficits. These are for instance systematic inadequately revenues, increasing public tasks of municipalities, an outdated binary local task system as well as the

limited municipal financial autonomy. Additionally internal deficits load the process like the conflict between the council and the local administration; the dominance of hierarchical steering instruments as well as the weak transparency of local budgets, especially what the interrelation between public tasks, municipal revenues and expenditures is concerned.

The financial basic conditions for the local budget steering are very changeful and can hardly be calculated. Since the beginning of the nineteen-nineties - with short interruptions - many German municipalities are in a heavy financial crisis. The situation was sharpened by the economic and financial crisis 2008/2009. The problems with local finances are predominantly exogenously caused. Thus, German municipalities are not able to break through this "vicious cycle" of financial problems by their own.

German cities, municipalities and municipality associations are heavily in debt with on the average 3,286 € for each inhabitants (indication for the end of 2007, Bertelsmann Stiftung 2008: 16). The indebtedness meets however not all of them equally, on the contrary the mismatches are intensified between municipalities free from debt and others highly debt-ridden.

Particularly three indicators for the smouldering crisis of local budgets are noticeable:

- "*Sale of the silverware*": The sale of local property is always a financial emergency measure, unsuitable for budget consolidation. Between 1991 and 2007 all German municipalities obtained net proceeds of 28.9 billion € (Bertelsmann Stiftung 2008: 22). The local budgets could be stabilized for the short term and larger deficits could be prevented. In some cases further privatizations of local property was avoided by citizen's decisions (e.g. in *Leipzig* and *Freiburg*).

- "*Explosion of cash credits*": This kind of credits gained in the last years strongly significance, although it were originally introduced for short term liquidity assistance. Meanwhile the amount of cash credits reaches more than 30 billion € (2009). In many municipalities they became however „long-term loans“, because the council is not longer able to pay unavoidable expenditures for legally obligating social achievements, necessary maintenance of local infrastructure or the personnel by the current revenues (Schwartzing 2006: 308).

- "*Escaping from the budget*": More than 53.1 % of the local indebtedness are to be found today in outsourced enterprises, i. e. in owner operated municipal enterprises, special purpose municipal associations, local enterprises or similar mechanisms. The goal of the outsourcing consisted above all of stripping „the chains“ from the cameralistic fiscal accounting. A new managerial accounting system shall make the local enterprises more effective. But their debts disappeared from the local budget and thus from the direct view of the citizens and/or the council (Bertelsmann Stiftung 2008: 18).

Under these conditions it is not really surprising that an increasing number of citizens do not want to leave the municipal financial affairs any longer alone to the politicians, which are obviously taking wrong ways to solve the budgetary problems. This is another reason for the pressure to introduce citizen's budgets in Germany.

#### 4. MODERN MUNICIPAL BUDGETS IN CHANGING

Having these various problems of financial efficiency of municipalities in mind, in Germany for many years new ways are discussed, to make municipal budget steering more efficient, and sustainable. Meanwhile the concepts developed thereby are more and more transposed in practice:

*New municipal financing system:* Profoundly the local budgetary law changes particularly by in all German federal states - up to Schleswig-Holstein - advanced the introduction of a new municipal financial system. The Ministers of the Interior of the German federal states decided to change the existing payment orientation (cash flow) of the local budget and account system into a resources orientation. (See Lüder 2001). This new system includes the decentralization of the local management authority for personal and material, the development of characteristic key data for the costs and quality of the administrative activities and the introduction of a report system about the reaching of goals of the administrative actions. The transition to the new municipal financing system will be finished until 2012 (See Beyer/Kinzel 2005: 356, Schwarting 2006: 46).

*Performance budgeting:* In local public administrations the requirement grows to improve the service quality. To push this, municipal budgets shall develop performance-oriented; i. e. public expenditures shall be strongly connected to politically pretended results. The relation of input and output and/or effect (outcome) becomes the new yardstick for local administrative acting (See Reichard 2004). For this purpose goal and effect-oriented steering shall make urban acting for all "comprehensibly, measurably and obligatory" (Bünger/Storms 2008: 27). In order to reach this, the local budgets shall be based on the description of typical municipal products and their characteristics.

*Readable or transparent budget:* The classical municipal budget is written by specialists for specialists. A conventional budget plan of a medium sized city weighs at least two kilograms and is „even for professionals in politics and administration usually only partly to understand" (Bertelsmann Stiftung et al. 2002: 9). Thus much sensitive information remains reserved for a few insiders. This prevents not only the participation of the citizens, but also of many councillors. This situation can be substantially improved by a transparent and readable representation of the entire local budget. The "new" budget shall be based on a comprehensible structure (and an understandable language), including the political context of the financial data, specific data on the budget's impact on different social groups and neighbourhoods. Without transparent local budget no participatory budget. Meanwhile there are many successful examples in Germany of the transparent representation of the local financial situation (e.g. Landeshauptstadt Potsdam 2009, Stadt Emsdetten 2008).

*Gender budgeting:* The classical sex-neutral municipal budgetary policy produces unfair distribution effects. These lead to the fact that women and men don't have the same entrance to local achievements. Gender budgeting is to change this by analyzing the effects of local budget decisions on the socio-economic situation of women and men. This may concern both the entire budget or relevant parts of it. Gender budgeting as a strategy exceeds over simple budgetary procedures and aims in a comprehensive sense on the equalization in sharing local resources. In the last years



different methods has been developed to examine the effects of local budgets for the equalization of sexes (See Elson/Young 2002, to Rapp/Rudel 2005, Färber 2007).

*Generation-fair budget:* In times of demographic change and a grown older society the view on the consequences of the local budget for the different generations are getting more and more in focus. The aim on a generation-fair budget it to leave the following generations „an undiminished local property“ (Schwarting 2006: 75). The creeping property consumption is to be documented not only by means of the write-offs and by adjusting (re-)investments. It belongs to the generation-fair budget to avoid leaving next generation's far rising debts, which constrain their financial scope in future. With the new local account system a generation-fair budget can be included in the balance sheet.

*Sustainable budget:* To secure local activities for climate protection, the promotion of education, the economical consumption of natural resources, the promotion of a sustainable lifestyle as well as the stabilization of social inclusion (See Agenda-Transfer 2007: 18 f.) many German municipalities include concepts on sustainable municipal development in their budget plans.

*Spatial budget:* In this kind of budget all municipal public expenditures for the parts of the municipality (districts, regions, neighbourhoods, quarters) are integrated. This spatial orientation shall help to increase participatory thinking, especially in the quarters "with special development needs". This serves also the development of a cooperative and social city. However this form of budgeting is still in the stage of experiments.

These various attempts show that the local budgets changes more than at the first view visible. Definitely, not all concepts will be set through in each German municipality, because they possess not all the same political weight and are partly conflicting. But nevertheless a clear trend is to be seen: Local budgets are changing form an accessible control instrument by few insiders to a readable, more effectively, more sex- and generation-sensitive modern steering instrument of local politics. This forms an innovative surrounding, in which participatory budgets fits in very well.

## 5. ORIGINS OF CITIZEN'S BUDGETS IN GERMANY

Citizen's participation in setting up the budget in German municipalities is already for a long time intended. The public proclamation (interpretation) of the draft of the budget is legally prescribed. „Inhabitants or taxable persons“ (e. g. land owner, manufacturer) can raise objections against the budget's draft within seven days and six weeks (depending upon municipal code). The local council must decide on these objections before finally adopting the budget plan in public meeting. Subsequently, the budget plan has to be laid out again seven days publicly.

These modest possibilities of citizens to participate in the setting up of municipal budgets are however so far hardly used. The budget documents are not suitable for it, because these are too complicated. If there are any objections in some individual cases nevertheless, the council is anyway not obligated to follow them. Therefore, this procedure can be called a „farce“ (Banner 1998).

The idea of participatory budgeting in Germany goes back - as already suggested - on different trajectories:

- First of all, the development of citizen's budgets is part of a trajectory to increase participative democracy on local level. Citizens shall be given more possibilities to decide on local affairs on their own. Since the nineteen-nineties in Germany the respective procedures were introduced and won increasingly in legitimacy (e. g. local referenda, direct election of mayors, citizen's reports) (See Wollmann 2000). When it became obvious, that „budget reservations“ are getting an invincible hurdle to these new procedures, the postulation for including the budget in this trajectory appeared (Brangsch/Brangsch 2007).

- Secondly, the introduction of participatory budgets rises often from the efforts around the modernization of local public administrations. The *New Steering Model*, the dominant administrative reform activity in the nineteen-nineties in Germany, aimed to increase its efficiency. It includes cost and performance accounting and new budgeting for improving the management quality of local authorities (See Reichard 2003, 2006).

- Finally both trajectories are combined by the above mentioned idea of a "citizen's municipality" ("*Bürgerkommune*") (See Bogumil et al. 2003). The interplay between both trajectories remains however a challenge, since this is not without friction.

## 6. SHORT HISTORY OF CITIZEN'S BUDGETS IN GERMANY

*Starting in the South:* In the course of administrative modernization some South German municipalities first used the instrument of citizen's budgets. The first experiment with participatory budgeting in Germany took place in 1998 in the municipality of *Mönchweiler* (Baden-Wuerttemberg), a small city with 3,200 inhabitants. It concerned „an extended citizens' participation procedure“ in the discussion of the budget plan 1999, before final decision of the council. The proposals made by the citizens were documented - according to an externally compiled check list -, discussed in the council publicly and partly transferred into the budget. Since this procedure remained unique in *Mönchweiler*, it cannot be qualified however as participatory budget.

*Part of administrative reforms:* The idea of citizen's budgets was strengthened, when it found relevant non-state supporters.<sup>3</sup> They maintained the network "Municipalities of the Future" to support reform-willing municipalities during the conversion of their ideas, to exchange experience and make mutual learning possible (See Bertelsmann Stiftung et al. 2002).<sup>4</sup> The network exists between 1998 and 2002. The largest citi-

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<sup>3</sup> These are the *Kommunale Gemeinschaftsstelle* (KGSt) as an influential association of German local authorities for public management reforms, the *Bertelsmann Foundation* as one of the most influential private operating foundations in Germany and the *Hans Boeckler Foundation*, which deals with co-determination, research and the support of students of behalf of the Confederation of German Trade Unions (DGB).

<sup>4</sup> In this network more than 120 municipalities worked together in 15 different fields of administrative reforms. One of them was participatory budgeting.

zen's budgets project in this context was accomplished by the ministry of the Interior of the German federal state *North Rhine-Westphalia* between 2000 to 2004 in cooperation with the Bertelsmann Foundation in altogether six municipalities (*Castrop Rauxel, Hamm, Hilden, Monheim am Rhein, Voltho and Emsdetten*) (See Innenministerium NRW 2004: 6). The municipalities involved gained many experiences and developed innovative ideas by testing participatory budgets in two years. Unfortunately, the project leaved only less lasting effects. After its end and the determination of external financial support, the municipalities of *Castrop-Rauxel, Hamm, Monheim am Rhein* und *Voltho* stopped the participatory budget. Fortunately, the municipalities of *Groß-Umstadt, Emsdetten* und *Hilden* continued in participatory budgeting until today. Other cities as Köln get inspired by the experiment.

*Part of participatory reforms:* Inspired by the idea of participative democracy since 2000 in the German capital of Berlin (which is at the same time a federal state and a unitary municipality) and its boroughs started a debate on participatory budgets. In 2002 a working group „Participatory Budget Berlin“ was established, formed by city planners, activists of the agenda-21-movement and social scientist to develop a concept of public budgeting for Berlin and its boroughs (See AG Bürgerhaushalt Berlin 2002, Herzberg 2003, 2004). Some foundations of political parties and the federal foundation for political education gave external support. Additionally, in Berlin the introduction of citizen's budgets meets favourable conditions, because already since 1994 a new cost accounting and performance system as main element of the administrative reform was introduced. (See Fock 2004) Since 2004, the government of Berlin established additionally an output-oriented product-based budget. After some failed pilot projects, with the boroughs of *Berlin-Lichtenberg* and *Berlin-Hellersdorf-Marzahn* in 2006 the first projects of participatory budgets started. Until now Berlin and its boroughs are one of the hotspots of participatory budgeting in Germany.

## 7. CITIZEN'S BUDGETS IN GERMANY – STATE OF THE ART

Meanwhile initiatives for citizen's budgets can be found all over Germany. They have different promoters: many of them are “top down” initiatives by mayors, local politicians or administrative senior managers; others are “bottom up” initiatives by the citizens. In one case such an initiative even formed their own list in the local elections.<sup>5</sup> Ideally both ways are combined, e.g. in *Groß-Umstadt* and *Berlin-Marzahn-Hellersdorf*.

The number of German municipalities, in which participatory budgets are discussed, introduced or implemented, increases in the last years. In March 2010, more than 140 German municipalities belong to that group (See Rieck 2010: 1, see fig. 2). This is app. 1 % of all German municipalities. Meanwhile such projects can be found in all German federal states with two hotspots in North Rhine-Westphalia (more than 30 projects) and Berlin/Brandenburg (nearly 20 projects).

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<sup>5</sup> In the city of Pforzheim a non-partisan list were successful with the topic of introducing a citizen's budget in the municipal election 2004. This respective list „Citizens' participation budget (LBBH)“ received a mandate with 4.3 % of the votes.

At the same time it must be noted, that these projects are in very different development stages (All data after Rieck 2010: 2). A discussion over the introduction of a participatory budget takes place at present in 69 German municipalities. This instrument is used once or twice in 34 German cities. Citizens budgets as „established instrument of the budgetary planning including the citizenry“ could be found in eight German cities, where this procedure was more frequently accomplished for the third time or more often. It appears (only now) that citizen’s participation could become „a firm and permanent component of the budgetary planning procedure“ (Rieck 2010: 3). These municipalities reflect at present best practice of participatory budgeting in Germany: *Berlin-Lichtenberg, Berlin-Marzahn-Hellersdorf, Bonn, Emsdetten, Groß Umstadt, Hilden, Potsdam* and *Rheinstetten*.<sup>6</sup>

These *best practices* cities with different local-political status are located in five German federal states. Their number of inhabitants lies between 20.000 and 260.000 inhabitants. Their mayors belong to different political camps (see table 2).

Table 2 German *best practice*-cities with citizen’s budget (Basic Data)

Municipality	Federal State	Number of Inhabitants (2009)	Municipal Status	Mayor/Lord Mayor (8/2010)
Berlin-Lichtenberg	Berlin	259663	(dependent) borough	Christina Emmrich (Linke)
Berlin-Marzahn-Hellersdorf	Berlin	248026	(dependent) borough	Dagmar Pohle (Linke)
Bonn	North Rhine-Westphalia	319841	County free	Jürgen Nimptsch (SPD)
Emsdetten	North Rhine-Westphalia	35604	Part of a county	Georg Moenikes (CDU)
Groß-Umstadt	Hesse	21373	Part of a county	Joachim Ruppert (SPD)
Hilden	North Rhine-Westphalia	55551	Part of a county	Horst Thiele (SPD)
Potsdam	Brandenburg	154606	County free	Jann Jakobs (SPD)
Rheinstetten	Baden-Wuerttemberg	20630 (2008)	Part of a county	Sebastian Schrempp (CDU)

Source: Homepage of the respective cities

<sup>6</sup> Many further innovative examples of citizen’s budgets in Germany can’t mentioned here for space reasons. To call here above all is the city of Cologne, which was distinguished already several times for its internet-supported participatory budget (See Märker et al. 2008).

Some basic data shall show the financial framework conditions of citizen's budgets in these *best practice* cities (see table 3). This overview underlines the high variety of framework conditions for these projects, its different amount and the unequal financial situation of the involved cities.

Table 3 German *best practice*-cities with citizen's budget (Budget Data)

<i>Municipality</i>	<i>Citizen's budgets since<sup>7</sup></i>	<i>Amount of the budget in 2009 (revenues/ expenditures)</i>	<i>Amount of the citizen's budget</i>	<i>Budget deficit</i>	<i>Budget consolidation concept</i>
Berlin-Lichtenberg	2005	453 m €	App. 31 m € (app. 6 % of the budget)	No***	No
Berlin-Marzahn-Hellersdorf	2005	417 m €, 417 m €	n. s.	No***	Yes
Bonn	2005*	976 m €, 976 m € (Budget 2008/2009)	n. s.	0.2 m € (2008) No (2009)	No
Emsdetten	2000	40 m €, 40 m € (Budget 2007)	n. s.	No	No
Groß-Umstadt	2000	31 m €, 32 m € (Budget 2007)	n. s.	0.2 m €	No
Hilden	2003	161 m €, 163 m €	n. s.	No	No
Potsdam	2006**	413 m €, 419 m €	App. 20 m € (App. 5 % of the budget)	5.5 m €	Yes
Rheinstetten	2001	42 m €, 42 m € (Budget 2007)	n. s.	No	No

Source: According to written information of the treasurer (August 2009) or the documentation of the respective participatory budget project. \* 2006/2007 und 2008/2009 double budgets; \*\* 2007 because of introducing a new municipal financing system no citizen's budget; \*\*\* In the unitary municipality of Berlin budget deficits on borough level are not shown.

The citizen's budgets in these *best practice* cities can be assigned to two theoretical models described above: Far common in Germany is the model "consultation of pub-

<sup>7</sup> The years of reference of the citizen's budget and the municipal budget sometimes differs, leading occasionally to confusion.

lic finances", which goes for *Bonn, Emsdetten, Groß-Umstadt, Hilden, Potsdam, Rheinstetten* and most of the other citizen's budgets projects in Germany. This consultation takes place either in an intensive process of several months or during a unique event (One-Day "Emsdetten Conference" or "Citizen's Day" in *Groß-Umstadt*). In some rare cases the model of the "Proximity" participation" is used (*Berlin-Lichtenberg, Berlin-Marzahn-Hellersdorf*).

## 8. SUCCESS FACTORS OF CITIZEN'S BUDGET PROJECTS IN GERMANY

First it must be decided whether in a municipality the conditions for a citizen's budget are available. Primarily, the relationship between the expenditures (input of resources) and the advantage (intended improvement of the quality of public services) had to be checked. The items "municipal size" and „current budget situation" are crucial thereby (Eising 2005: 87). With smaller municipalities less complex procedures for citizen's involvement at the budget discussion should be used like inhabitant's meetings. In a crucial budget situation ("not-authorized budget") a citizens' participation is likewise not useful (Bogumil/Holtkamp 2006: 156), because the local budget is de facto under control of the respective state supervisory authority, which is not bound to citizen's votes.

A necessary basis for citizen's budgets is the ability and readiness of all important local actors to cooperate in the main question of local expenditures on a long-term basis. This needs an active and well-organised civil society. A political consent among the councillors is needed too and their will to take over additional responsibilities to increase accountability. Finally, an innovative and active administration is necessary to organize the procedure well.

### *Scope*

Theoretically it would be desirable to include the entire budget into the participative procedure: Only then citizens could really take part in the process of defining local political priorities and their financial implications. But because of the complexity of the topic it seems to be "illusory" to discuss entire municipal budget (Bogumil/Holtkamp 2006: 155). On the other hand if by a citizen's budget only small changes are possible, it will be hardly sufficient "to motivate ordinary citizens to take part" (Schruoffeneger/Herzberg 2008: 4).

It's obvious, that many citizens are not interested in the budget itself (and the technical procedures for getting it), but nevertheless are willing to discuss local political priorities, forming the basis for the budget.

In practice most German cities decided to concentrate the citizen's budget on all or some voluntary not legally prescribed municipal tasks. With the participatory budget in Cologne e.g. only three tasks (roads, ways and places, green areas and sport) were selected.

Some German cities today already go beyond this restriction. Meanwhile, in *Berlin-Lichtenberg* building investments are included into the citizen' budget. In the city of

*Emsdetten* seven scenarios to budget consolidation were placed for discussion. With the citizen's budget 2009 in *Hamburg* the participants could define the structure of the municipal budget for the year 2020, in order to make medium-term re-orientations possible. In *Freiburg* citizens could express their change desires for a sex-sensitive participation budget (See Lührs 2009).

### *Procedural Political Consensus*

A political consensus is necessary within the council concerning the expiration of the citizen's budget procedure. That concerns in particular the concrete times of information, participation and reporting as well as the combination of the participative budget process with the legal budgetary procedure.

With participation budgets the keeping of the social-political plurality is particularly important. As purely political party's project citizen's budgets in Germany have hardly any chance. Under this circumstance it's useful to underline the "non-partisanship" of such projects. Reliably the portion of different political parties in the success of citizen's budget projects is quite different. This does not exclude naturally that the parties make the citizen's budget into the stage of their own politics.

Thus e.g. in Berlin-Lichtenberg the political parties, represented at that time in the borough council, signed a special agreement for the implementation of the citizen's budget, specifying their equal participation in its steering committees. In addition all parties committed themselves to keep the citizen's budgets meetings free of election campaigns. As principals of the project the borough council and the borough administration were determined. In addition all political parties agreed on a common reporting of the citizen's budgets results by the borough council and the borough administration (See Klein 2006: 15f.).

Citizen's budgets projects need before fixed clear evaluation criteria, in order to find out, if these are successful or not. These can be different - depending upon municipalities.

Finally, special resources for the citizen's budget have to be granted: The more complex the procedure, the higher the financial expenditure. The average expenditure for citizen's budgets in Germany is estimated between 0.10 € and 1.50 € per inhabitant (Scheid 2008).

### *Defining the Media-Mix*

The decision on the media-mix is crucial to avoid social inclinations and to guarantee free access for different groups of population to the citizen's budget. Successful participation budgets are characterized by an innovative mix of different procedures (*Multi Channel procedure*). This includes presence meetings (central and decentralized citizen's meetings), conventional entrance channels (like letters, note boxes and questionnaires), telephone questionings as well as the new possibilities of e-participation (moderated homepages, e-mails).

In order to achieve as high participation, a conscious selection of different methods and communication channels is necessary, in order to communicate with the public and to reach all important target groups. But all participation channels have their pros and cons, in particular what costs and representativeness are concerned. Written questionings are economically however less representative (small return). Telephone questionings offer fast results and are more representative (high return), but they are however expensive. Internet participation proves as the most favourable method. It is simple to realize, if the necessary know-how and technology are present. But the results are not representative. Additionally, moderation is necessary, which may cause insignificant costs (See Innenministerium NRW 2004: 24).

The entrance to the citizen's budget procedure can be achieved best if classical methods of citizens' participation (workshops, citizens' forums) are combined with new forms of e-participation. Far common is however an over-estimation of the mobilizing potentials of e-participation (See Kubicek/Lippa/Westholm 2009, Märker et al. 2008: 118).

Citizen's budgets projects have both a territorial and a functional dimension, which should be considered. On the one hand central and decentralized citizen's meetings are useful, on the other hand special discussion forums for certain groups (e. g. children, young person, seniors, minorities) or topics (e. g. promotion of economy development and road construction planning) are necessary.

The decision on the mixture of procedure within the participatory budget shall be orientated at local conditions. For example table 4 shows the different participation channels from *Cologne, Berlin-Lichtenberg, Emsdetten and Potsdam*.

Table 4 Use of different participation channels in citizen's budgets procedures (selection)

	Citizen's meetings	Internet	Written Survey (questionnaire)*	E-Mail	Telephone Survey (Call-Center)
Köln 2008	--	85 %	9 %	2 %	4 %
Berlin-Lichtenberg 2009	29 %	60 %	11 %	--	--
Emsdetten 2008	100 %	--	--	--	--
Potsdam 2009	11 %	42 %	47 %	--	--

Source: Data from the project hompages (3.8.2010), \* Or written proposals; \*\* random participants.



### *Combination with other Procedures of Local Democracy*

Citizen's budgets can be combined with other procedures of citizens' participation. This offers the chance to unite still existing „participation islands“. Thus citizen's budgets may achieve larger effectiveness and durability, because by this way “top down” and “bottom up” initiatives can be linked with each another.

The precise procedure depends however always on the local situation and political culture. Time-intensive procedures are rather for smaller municipalities with less budget problems suitable, larger cities with serious budget problems may use less time-intensive procedures (See Bogumil/Holtkamp 2006: 157). Some of these combinations were already successfully implemented (See table 5). Further ones are theoretically likewise meaningfully applicable, like e.g. open space conferences, activating questionings, future workshops as well as planning games.

Table 5 Combination with other Procedures of Local Democracy (Sample)

Procedures	Examples
Agenda 21 Initiatives	Groß-Umstadt, Diepholz, Leipzig
Citizen's Panels, City Conferences	Viernheim, Emsdetten, Hilden, Vlotho
Citizen's Reports	Trier
Citizen's Meetings	Berlin-Lichtenberg
Online-Discussions, Internet-Participation	Köln, Freiburg, Berlin-Lichtenberg, Bergheim, Potsdam
Round Tables	Freiburg
Spatial quarter planning	Trier
Neighbourhood Councils	Berlin-Marzahn-Hellersdorf

Source: Homepage of respective citizen's budgets (3.8.2010)

### *Steering Institutions*

The process of citizen's budgets requires own steering institutions. They shall be working as autonomous as possible and not as appendix of the municipal administration. The quality of their work depends on the ability to combine citizens, councillors and civil servants. Whether such institutions are necessary, depends on the intensity of the project. At the same time it must to be prohibited that a new “participation bureaucracy” develops.

*Berlin-Lichtenberg* established for its first citizen's budget 2007 an innovative set of steering institutions (see Weise 2006). This model is meanwhile often copied by

other participatory budget projects in Germany. Four committees co-operated within the citizen's budget in Berlin Lichtenberg:

- The *project management team* functioned as the internal coordination body within the borough administration including the directors of the steering service as well as of the personal and financial services of the borough administration.
- A *steering committee* as the central decision-making body was established with seven members: three from the borough administration (including the mayor) and four representing the four borough assembly parliamentary groups. Under its leadership and together with the other committees the citizen's budget concept was developed and its "rules of procedures" were defined. The steering committee received the results of the project team and decided unanimously on resolution requests.
- The *project team* as the working body was founded with 12 members with equal rights: four citizen representatives (from the branches youth, seniors, migrants and woman), four borough councillors and four representatives of involved administrative units of the borough.
- The *editorial team* for the sifting and dressing the citizen suggestions covered ten citizens, who were selected in the five quarter's meetings. They got support by civil servants of the borough administration.<sup>8</sup>

In contrast, a decentralized form of steering the participation budget procedure without special committees was established in *Berlin-Marzahn-Hellersdorf*. Since 2008 all nine borough quarters (neighbourhoods) and "The child and youth office" are organizing the procedure, co-operate closely with the borough administration. The proposals in the citizen's budget discussion are gathered by the quarter centres and finally delivered to the borough administration. On this basis it compiles a resolution for the borough council. The feedback with the citizens takes place over citizen meetings.

### *Operational sequence and – standards*

Citizen's budgets can only be successful, if these are closely linked with the legal procedure of the local budgetary planning. Only then citizens have a real chance of taking part in the decision process. The legal procedure for the budget and the citizen's budget procedure are however not identical. In the fixed annual operational

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<sup>8</sup> Meanwhile in Berlin Lichtenberg the steering committee and the project team merged to the "*Citizen's Budget Committee*". It consists for the current participatory budget 2011 of 14 representatives: five borough councillors, two members of the borough administration, seven inhabitants or representatives of civic society networks and one minute-writer. Additionally, two further representatives of the borough administration as well as one representative of the "Coordination center for child and youth" are taking part as consultant. The committee is responsible for the conceptual advancement of the participation procedure and the feedback with the borough council. Decision making is done by majority voting with same right to vote for all members (See Bezirksamt Lichtenberg von Berlin 2009b: 13). The editorial team still exists.

sequence of the budgetary procedure can be defined three crucial times, in which it can be linked particularly well with the citizen's budget: After the council's resolution of the budget in the context of the report of the past financial year, after the council decided on the basic figures for the new budget and after the presentation of the budget's draft in the council.

This ideal-typical operational sequence must be converted in each municipality into a concrete procedure. The citizens' participation can take place uniquely on a certain day in the year or in a procedure, lasting for months. Meanwhile with participative budgetary procedures some national standards have been developed, which are to be represented in the following briefly:

*Budget calculator:* To include citizen proposals in the participatory budget they have to be firstly converted into precise budget data ("financial costs of a proposal"). Thus also shifts in the budget within and between different departments of the municipal administration can be simulated. This task can be taken over either by the administration itself or by help of an on-line installed budget calculator. These instruments were tested successfully in participative budgets e.g. in *Hamburg, Leipzig, Berlin-Lichtenberg and Freiburg*.

*Prioritization:* The multiplicity of different proposals requires a specific management in handling these. First those proposals have to be segregated, eliminating all proposals for which the municipality is not responsible. Other proposals can be summarized in the course of the procedure territorially or sectorally (e.g. the building of cycle tracks in different parts of a city). Despite these filters, the author of the suggestion shall still be visible.

*Votation:* The procedure of voting on the projects, suggested by the citizen's, is called votation. Every participant gets maximally five points, which he can assign freely either for one proposal or for different. This procedure proved of value e. g. in *Potsdam* and *Berlin-Lichtenberg*. The result of such a votation can be seen in table 6, whereby only the five first places of the "Hot lists" of the citizen's budget in *Berlin-Lichtenberg* 2006 are presented. Finally it is necessary to summarize the proposal lists from the different list into one.

*Moderation:* A neutral moderation in the citizen's budgets procedure is very important. Our questioning in Potsdam made clear that citizens wish no moderation predominantly by the city administration or local politicians, they prefer neutral moderators (e.g. well-known citizens, which are not councillor) (See Franzke/Kleger 2006: 6). As well as online discussions requires a professional moderation.

*Table 6: "Hot lists" of the Citizens Budget Berlin-Lichtenberg 2006*

Online-Voting	Household Survey	Final Citizen's Meeting 21.01.2006
1. More Bicycle Lanes (16.7 %)	1. More Youth Leisure Centres (11.5 %)	1. Saving Music Schools (14.0 %)
2. More Youth Leisure Centres	2. Better Senior Meeting Facili-	2. More Public Sport Facilities

(12.4 %)	ties (9.3 %)	(10.4 %)
3. New Dog Station (8.7 %)	3. More Bicycle Lanes (8.1 %)	3. Saving Grammar School (9.8 %)
4. Saving Grammar School (6.5 %)	4. Better Public Libraries (5.2 %)	4. Better Public Libraries (8.6 %)
5. Saving Music Schools (6.2 %)	5. More Public Sport Facilities (4.2 %)	5. Better Skater Facilities (6.9 %)

Source: Borough office Berlin-Lichtenberg

### *Reporting*

For the acceptance and durability of participative budgets the level of accountability of the council and the local administration is crucial. A reporting meeting forms the conclusion of each citizen's budget procedure and the beginning of the next one. German local councils have three possibilities to react on citizen proposals: Acceptance of the proposals, refusal or so-called „inspection order“, with which before a final decision shall be examined more exactly whether it is feasible. Finally it is not important, how many citizens' proposals are rejected by the council; however a refusal of all citizens' proposals leads reliably to a rapid end of the procedure. It is important to make clear, that the council seriously examined the citizen's proposals.

In *Berlin-Lichtenberg* various ways of reporting were used. Special resolutions were adopted by the borough council, documenting in detail the decisions on citizen's proposals, especially when they are refused and their financial effects (extra costs, cost-neutrally or savings) (see BVV Berlin-Lichtenberg 2009a, 2009b).

### 9. Impacts

Citizen's budgets are an innovation within participative democracy, which is still in the testing phase. In order to be able to evaluate the effects of a larger number of such projects respectably, it will need much more time.

Participatory budgets show the adaptability of cities at economic, ecological, social and cultural changes as well as technological innovations. Modern urban conflicts are linked with the social realities as well as their perception. Increasing fragmenting of interests changes thereby the forms of the decision making process on local level.

A generally accepted analysis framework for the evaluation of procedures of civil participation in local policy is not present so far. Therefore, it is not easy to determine the effects of the participatory budgeting, particularly since these can to be locally very different and many effects will initially be seen on the long run.

However it's possible to measure the influence of citizens' participation on the legitimacy of the local-political decision-making process as well as on the increase of the effectiveness of local services (See Geißel 2008: 34ff.). The crucial question thereby

is, in which direction participative budgets act. Do they weaken or strengthen legitimacy? Do they decrease or improve efficient governing on local level?

Successful citizen's budgets are suitable in principle to strengthen the legitimacy basis of urban policy. They would bring so far under-balanced values into the political process, make them public and force the local politicians in the long run to consider them more strongly.

This effect is above all important, if such local priority decisions are connected with loads for the citizens. They can contribute to saving of resources and for finding economical alternatives. The participation of many local politicians at the citizen's budgetary procedures could be explained in such a way. The case of *Potsdam* shows however that a citizen's budget not automatically stabilizes the confidence of inhabitants into the local authority (See Franzke/Kleger 2006, 2009).

Concerning the *input legitimacy*, participative budgets are in principle suitable to promote the participation of the citizenry. This is valid however only in a situation, when the number of citizens is significantly high, which are not members of federations or associations.<sup>9</sup> If the citizen's budget is dominated by organized interests, this effect is hardly to be expected. On the contrary, the legitimacy of the procedure could be endangered by egoistic social group self-interests.

There is still no evidence for stronger inclusion of social weak groups and neglected quarters in participative budgeting procedures. In contrast, positive effects can be seen in formal and informal quality of the procedure (*throughput legitimacy*). It can be evaluated for the participants as high. The procedures might become nevertheless not too complicated and time-consuming. The deliberative quality of participative budgeting is quite higher than of some other participation procedures, but altogether still too low.

Additionally successful citizen's budget procedures improve the level of knowledge of participants, which evidently affects positively also other forms of their participation. A successful and permanent citizen's budget increased the identification of the citizens and inhabitants with their municipality.

Undeniable, participative budgets affect the *effectiveness* of local policy, especially when they are able to develop new solutions for solving local problems which were so far blocked. But still in our *best practice cities* it's rather the exception. Sometimes the thesis is made that the efficiency of local decision-making processes could be endangered by too many veto players. This can't be confirmed on the basis the citizen's budget procedures in their actual arrangement. This would be only then the unlikely case if the decision on the budget would be transferred from the council to the citizenry.

The influence of citizen's budgets on local debates in individual policy fields is altogether high, as long as these are included in the debate. But this is limited to the voluntary not legally prescribed municipal tasks. The higher accountability of the councillors may additionally increase the effectiveness of local policy on the long run.

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<sup>9</sup> Such data so far are only available for *Berlin-Lichtenberg* (See Klages/Daramus 2007).

A continuous and successful citizen's budget procedure finally can improve the image of the city. This shows up clearly in *Berlin-Lichtenberg* and *Cologne*, which because of their citizen's budgets became famous nationwide.

## 10. Open Questions

### *Lacking representativeness of citizen's budgets?*

The participation in citizen's budgets procedures so far is not approximately representative. Unfortunately appropriate data - even of *best practice* cities - are rare. The available data show a range of *Cologne* (participation of 0.01 % the inhabitants), *Bonn* (0.05 %), *Berlin-Marzahn-Hellersdorf* (0.1 %), *Emsdetten* (0.4 %), *Hilden* (1.0 %), *Bergheim* (1.1 %), *Potsdam* (1.3 %) and *Berlin-Lichtenberg* (1.5 %). As table 7 shows that even in the *best practice* city of *Berlin-Lichtenberg* the participation didn't significantly increased over time, but shifted between different channels. In the comparison to the participation in local elections as well as in local referenda, the participation in the citizen's budgets is permanently lower.

Table 7 Usage of Different Participatory Channels in Berlin-Lichtenberg

	2005	2007	2008	2009	2010
Participants in the meetings	1000	1184	785	1004	n. s.
- thereof central meetings	n. s.	595	502	786	1353
- thereof kick-off and final meeting	n. s.	312	283	218	n. s.
Participants Internet portal (registered participants resp. access to the portal)	485	485 (9730)	1712 (134292)	2093 (182160)	2426 (531266)
Participants in written surveys	2156	2183	750	379	n. s.
<b>Total</b>	<b>3641</b>	<b>3852</b>	<b>3247</b>	<b>3476</b>	<b>(3779)</b>

Source: Emmerich 2008 and own data of the author

In each case it requires purposeful activities, in order to interest the citizens in the participative budget. For securing a minimum number of participants in some cities random selection is used (e.g. in *Hilden* and *Emsdetten*). The citizen's budget meetings participants are determined by sample from the inhabitants register and invited by the mayor personally to participate. In order to win young people or minority groups, for example *Hamburg* led a budget discussion in the internet. *Berlin-Lichtenberg* is using the instrument of „the visiting speech“ to encourage migrants to take part in the citizen's budget. The activation of users of public services like e.g. libraries, youth clubs and swimming pools forms a further possibility.

Despite these various efforts until now the participant structure of the citizen's budget didn't reflect the structure of the inhabitants. The over 50 years old people are over-represented, while young people and young adults - with exception of *Berlin-Lichtenberg* - were underrepresented (See Klages/Daramus 2007; Engelmann 2006). In *Berlin-Marzahn-Hellersdorf* citizens selected according to the random principle stayed away gradually from the meetings, so that in the end only the "active citizen" remains (Herzberg/Cuny 2007: 31).

How are these data to be evaluated? It would be misleading, to compare the number of participants at the informal procedure of citizen's budgets with those from elections or referenda. The latter take place many more rarely and exercise in those the citizenry called to the participation (by choice notification) an obligatory influence on the composition of the council or the decisions standing for vote. It is characterized by a stronger mobilization of the citizenry by the local media and the parties' election campaigns. The participation in the informal citizen's budget shall better be compared with participation forms as demonstrations, petitions or public planning activities. Doing so, the results are not so bad.

#### *Citizen's Budget as a Pure Lobby Event?*

A certain dilemma exists in the way of integrating the organized citizenry in the citizen's budget procedure. On the one hand, it is really depending on the co-operation of the local associations and federations. Their representatives are able to give stability to the procedure, bring in its high expert knowledge and can discuss with local politicians and the administrative staff on the same level. On the other hand the danger of an infiltration of the citizen's budget by these well organized groups of interests (e. g. associations, auxiliary fire-brigades, sports clubs, political parties) is real.

Lobbying within the citizen's budget procedure is at least more transparent for all than the traditional "back room talks". It's quite legitimate that all organized and non-organized groups of a city try to bring their special interests via citizen's budget into the budgetary process. The procedure of the citizen's budget, which is accessible for all inhabitants, is able to bend a too strong influence of individual and group interests. The common support of a proposal by different citizens or groups can lead to new coalitions within organized citizenry. The citizen's budget offers new possibilities of the articulation and aggregation of interests.

#### *Austerity by Citizen's Budgets?*

It's still disputed whether participative budgets can contribute to financial consolidation. There are still no proofs for this statement. That doesn't have to mean however that this possibility in a long-term perspective does not exist.

The crisis of local finances is anyways a quite suitable situation for integrating the citizen's budget in the legal budgetary procedure. The required decision over the extent of expenditures and savings in cities with a structural budgetary deficit is a most

political question, which concerns the entire urban population. A precondition for the participation of the citizenry in the budget consolidation is meanwhile the transparent representation of all voluntary tasks of the city, connected with a confrontation of different scenarios of the medium-term budget consolidation.

It has a lot to comment it, that participatory budgeting could on the long run help to overcome the crisis of local finance in many municipalities by giving additional legitimacy to their austerity course.

## 11. CONCLUSIONS AND FURTHER PROSPECTS

Citizen's budgets are naturally no universal remedy to solve all local problems. In view of the aggravation of the crisis of many local budgets they represent themselves first and particularly as a unique possibility, to find a specific way out of the financial problems together between citizenry, local politicians and local administration. The expansion of the participation of the citizenry in the budgetary policy can be seen as a chance in times of the output shortage to develop a new urban consensus on financial priorities.

Citizen's budgets as an innovative participation model are at the beginning of a possibly long-term career in Germany. If the model succeeds consistently further developed as well as in a significant number of municipalities, it can contribute to modernize local democracy and give more legitimate to the local budgets.

Until now it's too early to finally describe the consequences of participatory budgeting for local decision-making process in Germany. But obviously the instrument is getting more and more attractive to German municipalities of different size because it's high potential to include the citizens.

Further scientific research on participatory budgeting in German municipalities should concentrate on analyzing the different attempts to increase accountability of local councillors within this process, on develop a model of combining citizen's budgets and local referenda and, finally, on finding out the best ways to avoid the risk the local interest groups could capture the participatory process.

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