Policy Diffusion at the Local Level: Participatory Budgeting in Estonia

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About myself

- Ragnar Nurkse Department on Innovation and Governance
  Tallinn University of Technology, Estonia

- e-Governance Academy Foundation, Estonia
  - think tank and consultancy organisation founded for the creation and transfer of knowledge and best practice concerning e-governance

Background I

- Participatory budgeting (PB) a process of participation that enables non elected citizens to make decisions about budget allocations

- Porto Alegre, Brazil, 1980s, came about as the result of a military dictatorship

- Part of a leftist ideological agenda

- 1.5 million residents
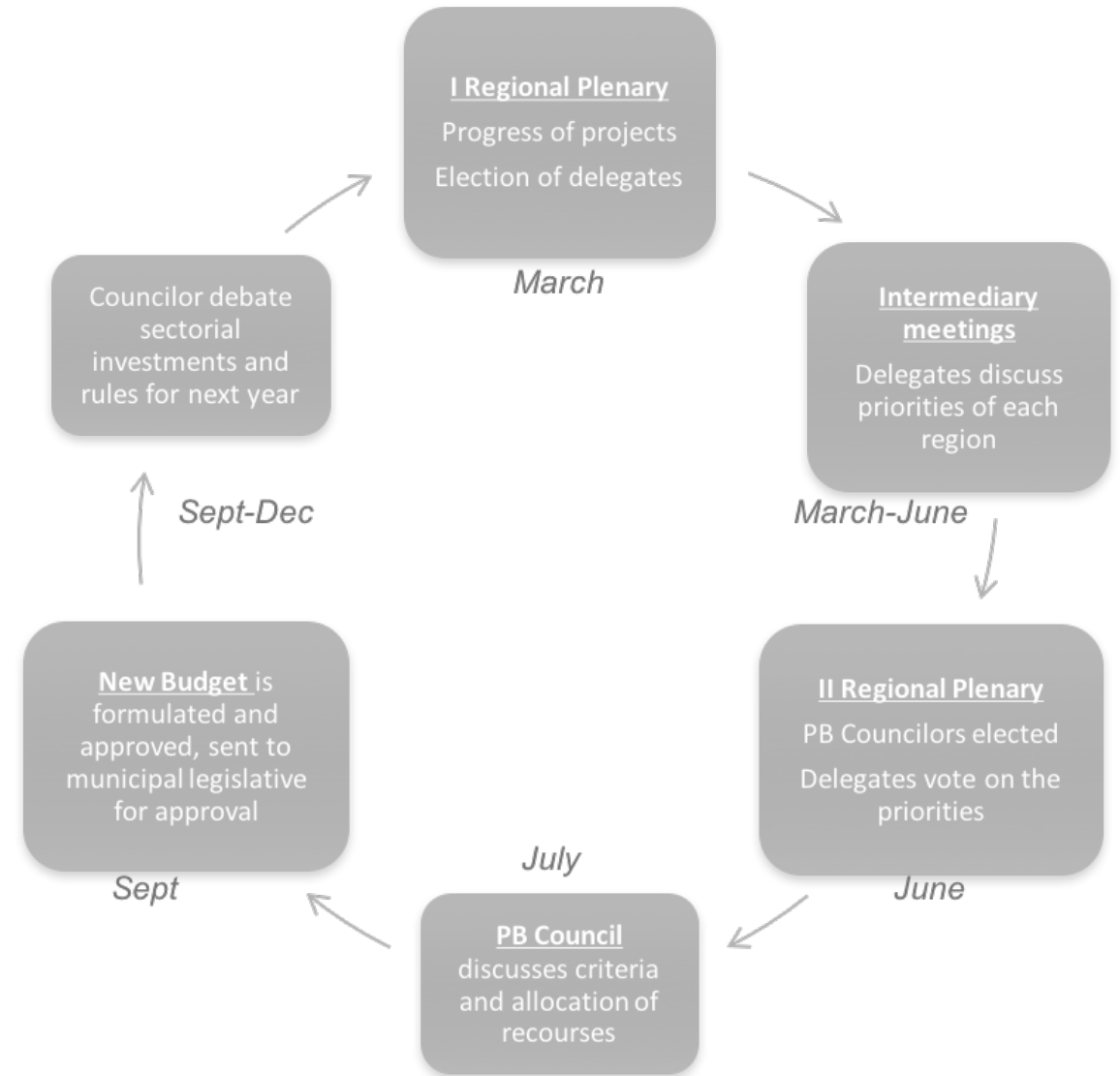
- 20% of the city's annual budget

Figure 1: PB cycle in Porto Alegre, Brazil
Source: de Sousa Santos, 1998. Adjusted by the author
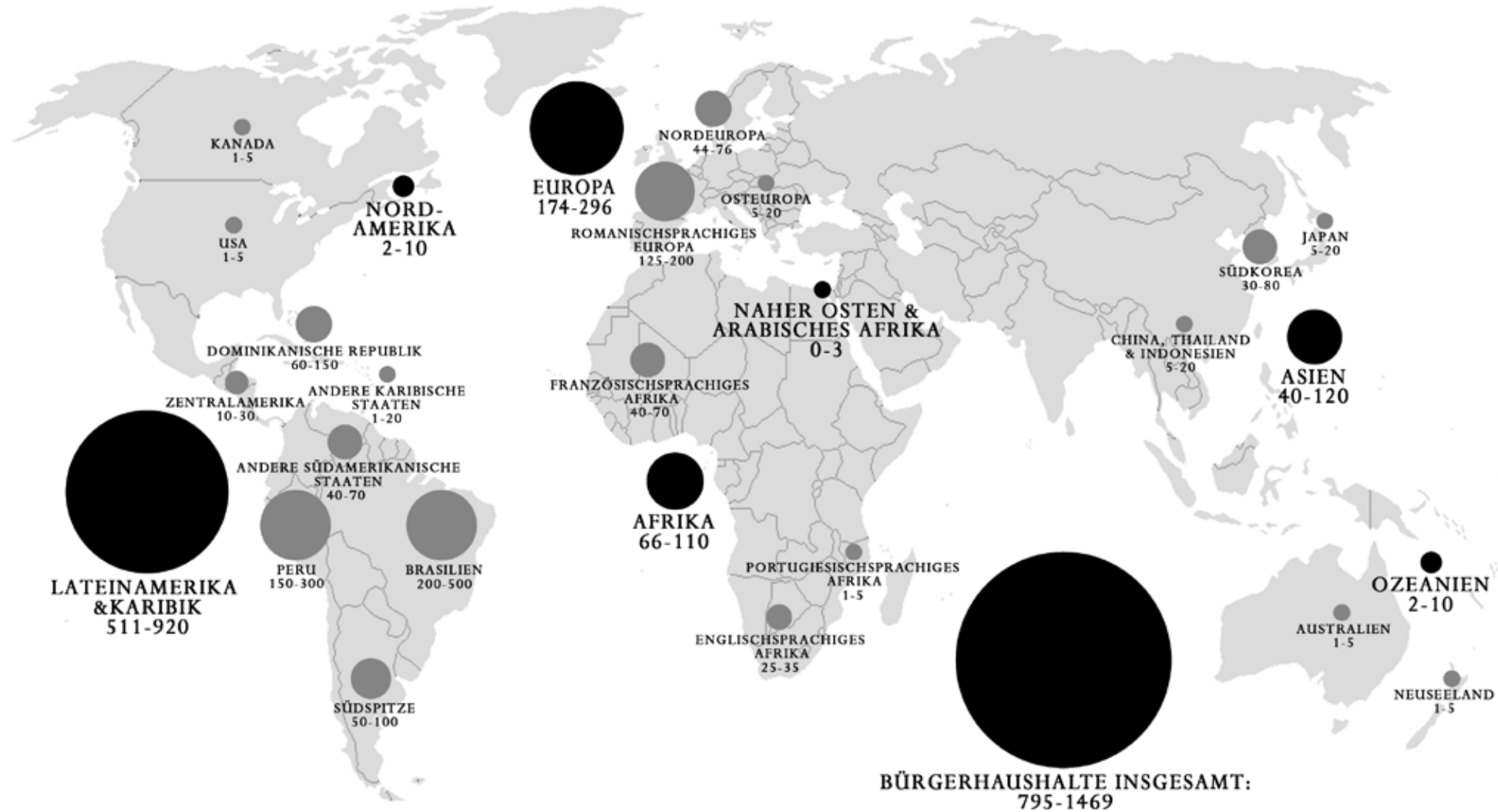
Background II

Figure 2. Global Diffusion of PB
Source: Herzberg, C., Sintomer, Y., Allegretti, G. (2010)

Background III

- Becomes a model of development often implemented with the help of an external organization (WB, UN)
- The huge heterogeneity in PB experiments
- No one-size-fits-all
- The process is rapidly expanding and changing all the time
- PB used as
  - a managerial/technocratic tool;
  - a good governance instrument;
  - a political instrument to radically democratize democracy. (Cabannes, Lipietz 2015)

Background IV

PB models in Europe:

Porto Alegre adapted for Europe
     - Spain?
Proximity participation
     - France?
Consultations on public finance
     - Germany?
Community PB
     - UK?
Multi-stakeholder participation
     - Poland?

Consultations

Co-financing;
organised interests

Source: Herzberg, C., Sintomer, Y., Allegretti, G. (2010)

Background V

- Local Government in Estonia before amalgamation reform
  - 2/3 less than 3000 inh.
  - 38 out of 213 under 1000 inh.
  - Only 3 cities above 50000 inh. (Narva, Tartu, Tallinn)
  - The largest – the capital, Tallinn
  - The smallest - Piirissaare rural municipality (104 people)
  - Own independent budget, but
    most of the revenues – the share of the personal income tax (11,6%)
    and grants from the central government –> **weak financial autonomy**
  - **Local taxes** (appr. 1% of the revenues)

Introduction I

Krenjova, J. and Raudla, R., 2017. Policy Diffusion at the Local Level: Participatory Budgeting in Estonia. *Urban Affairs Review*, pp. 1-29, SAGE publications

- ↑ research describing the implementation of PB and results
- **But!** Only limited attention to
  - the diffusion process
  - factors => the adoption
- Given the rising importance of PB => useful to understand what **mechanisms** drive its adoption.

Introduction II

- Structure of the paper
    - **Theoretical** discussion on policy diffusion (mechanisms, actors, factors)
    - **Empirical study**: the spread of PB across 14 Estonian local governments

- **Why Estonia** is a useful case to look at?
    - A **"new"** democracy & limited LG traditions of using participatory tools:
        - Spread of PB in "unfavourable" conditions
    - Very **recent** adoptions of PB (2013-2015)

Research questions

1. What **mechanisms** have driven the diffusion of PB among Estonian local governments?
   - learning, imitation, competition, coercion?
   - shift over time?

2. Which **factors and actors** have stimulated the spread of PB?
   - e.g. the role of "go-betweens"?
   - the role of IT solutions available for local governments?

Theoretical framework I

- **Policy diffusion** occurs when "one government's decision about whether to adopt a policy innovation is influenced by the choices made by other governments" (Graham et al., 2013, p. 675).

- Important focus of policy diffusion literature: **diffusion mechanisms**
  - Learning
  - Imitation
  - Competition
  - Coercion

Theoretical framework II

1. **Learning**: takes place when policy actors **update their beliefs** about the effectiveness of a policy based on the experience of other jurisdictions

2. **Imitation**: adoption driven by **legitimacy seeking**/ to demonstrate the jurisdiction is acting in a "proper" manner

3. **Competition**: the adoption of 1 jurisdiction creates policy externalities that have to be taken into account by other jurisdictions

4. **Coercion**: coercive actor => using sticks/carrots

Theoretical framework III

- Characteristics of a policy => policy diffusion
  - Salience & complexity
  - High salience / low complexity => diffuse more rapidly.
- Reputation of the initial adopter

- **Shift** in the importance of the predominant mechanism **over time**?
- The importance of imitation ↑ over time.
  - Early adopters: more driven by learning
  - Later adopters: more driven by imitation
- The importance of learning should ↑ over time <= more evidence about the effects of policy innovation

Theoretical discussion IV

- Different actors in the macro environment
  - internal actors
  - external actors
  - go-betweens (top-down and epistemic)
- The role of "go-betweens":
  - Especially "epistemic" go-betweens: can facilitate learning
    - disseminating knowledge and evidence about a policy innovation.
- "Policy entrepreneurs"

Methodology

- Semi-structured face-to-face and telephone interviews
  - from January to April 2016
  - with LG officials from 13 municipalities (out of 14)
  - 9 with elected officials, the rest with civil servants

- Request to conduct the interview with the person having most information about PB process in the city/parish
- Legal acts, public websites, communication over e-mail, statistical data
- Allows for a social normativity bias , but guaranteed anonymity => many frank answers

Findings I *(updated)*
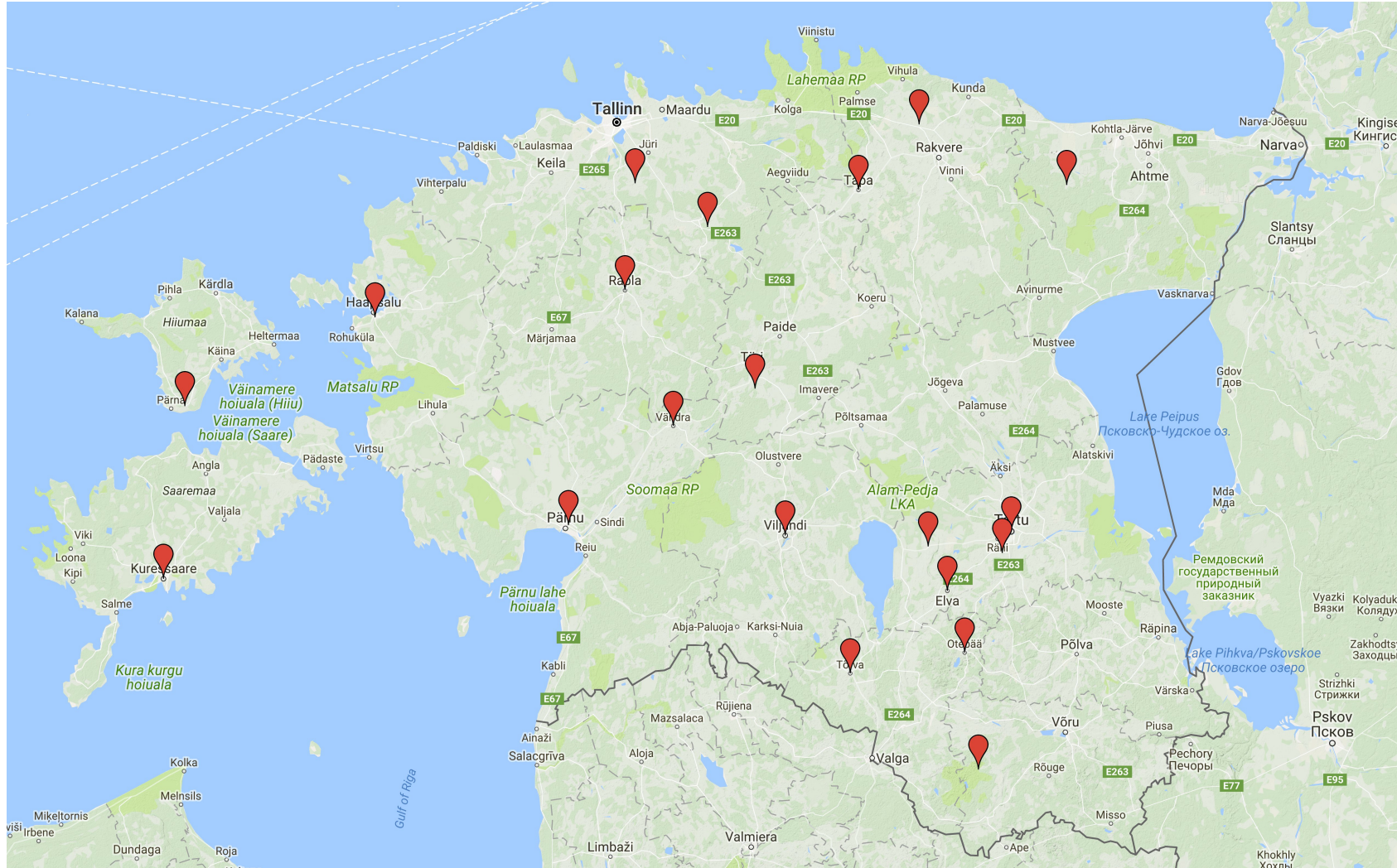
The spread of PB in Estonia (January 2017)

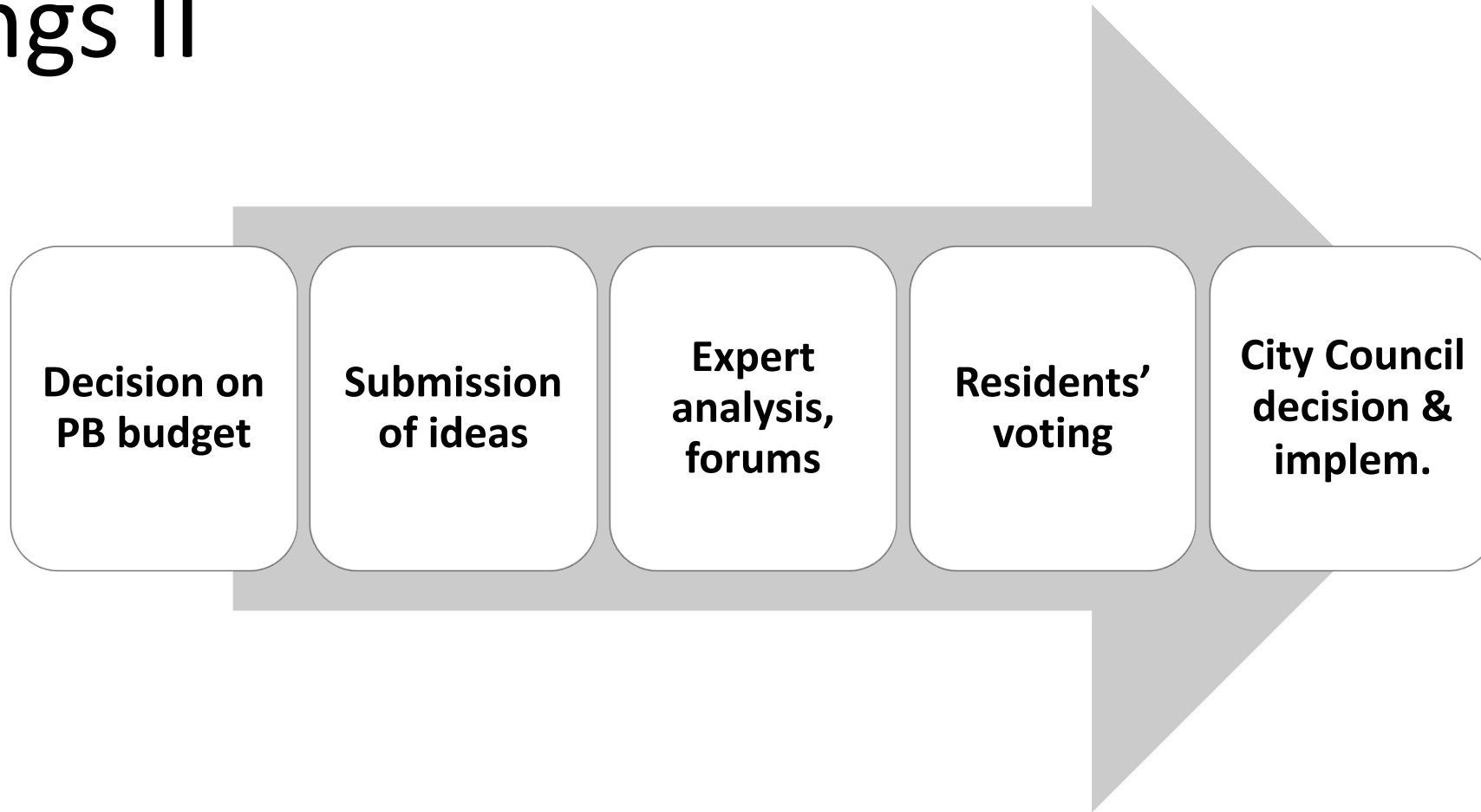2011: PB introduced to LGs by eGA

2013: PB adopted by Tartu

2014: 5 additional LGs
2015: 7 additional LGs
2016: 7 additional LGs

Jan 2017 – 20 cases

Source: (Krenjova, Raudla, 2017), Google, my maps

Findings II

Decision on PB budget → Submission of ideas → Expert analysis, forums → Residents' voting → City Council decision & implem.

Local variations concern the amount of money for PB, the voting procedure (open/closed, number of votes per participant, used platform) and duration of the process.

Findings III

Table 1. PB Cases in Estonian Local Governments.

Local Government (Cities and Parishes)	Population	The Initiator of PB	Inception of PB (Year)	Amount of Money for PB (EUR)	Voting Method VOLIS/ KOVTP/Paper	Turnout (%) Last PB Voting	% of Total Budget
Tartu City	98,332	eGA	August 2013	140,000	VOLIS + on paper	4.7	0.09
Kuressaare City	13,009	Electoral campaign 2013	April 2014	30,000	VOLIS + on paper	3.8	0.15
Elva City	5,666	Electoral campaign 2013	October 2014	10,000	Only VOLIS	4.6	0.11
Viljandi City	17,549	Head of the Parish Council/eGA	October 2014	30,000	VOLIS + on paper	5.1	0.13
Tõrva City	2,690	Electoral campaign 2013	December 2014	10,000	KOVTP + on paper	3.1	0.26
Lüganuse Parish	2,941	Parish elder	December 2014	20,000	Digital signature + on paper	5.1	0.58
Tapa Parish	7,739	Parish elder	January 2015	15,000	Only on paper	5.7	0.18
Puhja Parish	2,219	NA	February 2015	5,000	VOLIS	NA	0.15
Rapla Parish	9,051	Parish Council (Coalition)	April 2015	30,000	KOVTP + on paper	3.4	0.19
Otepää Parish	3,727	Parish elder	August 2015	8,000	KOVTP + on paper	2.7	0.14
Kose Parish	7,209	Parish Council (Opposition)	September 2015	10,000	KOVTP + on paper	2.5	0.11
Pärnu City	39,784	City Government	October 2015	30,000	VOLIS + on paper	2.2	0.05
Kiili Parish	5,229	Head of the Parish Council	December 2015	15,000	KOVTP + on paper	13.2	0.19
Haljala Parish	2,441	Parish elder/eGA	January 2016	7,500	KOVTP + on paper	4.7	0.26

Findings IV

- LGs hoped that PB would help
  - to solve a problem of limited citizen participation
  - to activate the citizenry.
- But they were also
  - following the emerging trend of PB,
  - trying to be perceived as innovative local authorities

Findings V

"Others are already doing it, so we want to do it as well."

"Using PB allows us to create the image of being progressive and innovative."

"We hoped that PB would activate the inhabitants and also allow us to collect information about their preferences regarding investments... PB would help to develop the attitude that "who is active" will get their preferences implemented."

"The citizens have become increasingly alienated from what the city government does and lost the sense of community. Their interest in city planning, for example, is very low. The hope was that PB would help to bring the city government closer to the citizens ... and also to make citizens think what is needed in the city."

"It is a pedagogical tool to teach citizens about the use of public resources—how it should be transparent, understandable and if you propose an idea you are responsible for it as well ... It is not so that you can just propose it and then run away ... It also helps to teach the citizens that in order to achieve your goal, you need to cooperate."

Findings VI

- Competition – not a predominant trigger behind the adoption decision
- Coercion not mentioned
- In several cases
  - Learning and motivation – in the same interview
  - The primary trigger – imitation, but this led to acknowledgement of problems
- **A combination of learning and imitation**
- The importance of imitation increasing over time
  - Later adopters – legitimacy seeking and norm-following

Findings VII

- Low complexity and high salience
  - extensive media coverage
  - an "easy" tool for engagement
  - does not cause any drastic increases in the workload
- The reputation of the first adopter (Tartu)
  - the city known for its innovativeness, the "intellectual capital" of Estonia
- "Detached" from the international developments
  - Most of the LGs looked at Tartu

Findings VIII

- Internal actors initiating the process
  - the head or the member of the local council, parish elder, or a member of the local government

- Epistemic go-between – e-Governance Academy
  - a policy entrepreneur and facilitator of learning
  - disseminated the knowledge about the concept
  - advocated the introduction of the idea of PB

- External actor – Tartu
  - a reference case; legitimized the model

- Availability of electronic platforms

Findings IX

- VOLIS - Estonian acronym for "information system for local councils"
  - enables them to conduct meetings and sessions online
  - special PB functionality
  - more expensive than KOVTP
  - ca 25 clients
- KOVTP - Estonian acronym for "service portal for a local government"
  - offers a website solution with a specific layout of information and an interface with many applications
  - ca 150 LG
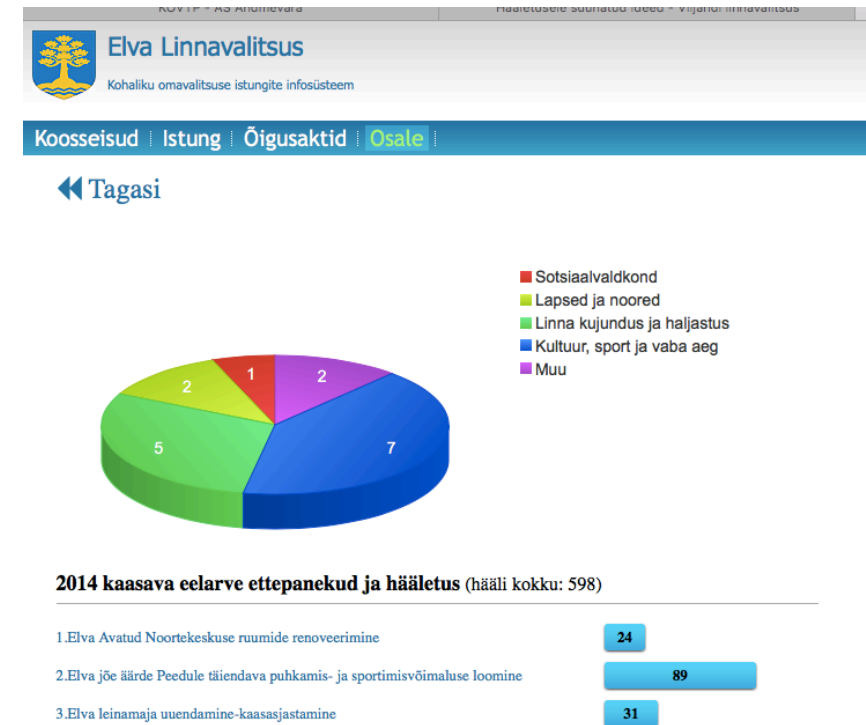
Findings X

- Developed by a private company with EU support
- Both of the systems have
  - a separate functionality (module) for public voting via ID card
  - the function to automatically check the residency of the voter according to the population register
- VOLIS - specific functionality for PB (funded by Tartu)
- KOVTP - voting for public polls only -> does not prevent double voting
- A comfortable way of organizing PB voting and enhancing transparency of the procedure
- One of the interviewees: the limited accessibility of VOLIS
  - purchasing the whole system not reasonable

Lessons learnt

- Small sums of money -> a "non-threatening" way for local authorities to start experimenting
- Enhancing legitimacy + serving educational purposes for both sides – citizens and authorities
- ICT solutions can facilitate the spread of the process and lower the costs of implementation
  - however, if too expensive - limitations on further diffusion
- The kick-start by an exemplary city
- Epistemic go-betweens can significantly facilitate **learning** about PB and aid LGs to adopt and improve their PB practices.

Future perspectives

- The majority of the officials were inclined to continue

- Amalgamation reform in Estonia
  - even more need? The greater distance between elected officials and citizens in larger municipalities
  - the combined financial resources
  - the adoption of PB - a political decision
  - expenses related to the ICT tools for implementing PB.

Thank you!

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