
Participatory Budgeting in Brno – Inspiration for Other Cities?

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Abstract:

Purpose: Literature offers many benefits associated with participatory budgeting. However, the implementation of participatory budgeting (influenced by many factors) is unique in every country, and it cannot be linked only to advantages. Presenting the advantages and disadvantages of participatory budgeting can extend the theoretical knowledge and better understand this field. The purpose of this paper is to evaluate the development of participatory budgeting in the Czech Republic. It focuses on the implementation and results of participatory budgeting in Brno's city (the second-largest city in the Czech Republic), which introduced the concept in 2017.

Design/Methodology/Approach: The analysis of participatory budgeting is based on a critical analysis of recent literature. In the empirical part, we focused on the implementation of participatory budgeting in Brno. We have analyzed a few factors: voting results, the size of the participatory budget, and winning projects. A qualitative method was applied to synthesize this research.

Findings: When assessing participatory budgeting in Brno, we identified both the positive and negative aspects of its implementation. To sum up, we have observed that during the three years of participatory budgeting in Brno, the negative aspects outweighed the positive aspects.

Practical Implications: This study's results can help other municipalities of similar size with a decision whether (and how) to implement participatory budgeting. Likewise, it can help other cities to avoid some mistakes.

Originality/Value: This paper extends existing findings mentioned in many scientific studies by referring to the Czech experience where negative aspects of participatory budgeting can outweigh its positive aspects.

Keywords: Participatory budgeting, implementation, local budget, local government, citizen engagement.

JEL codes: H72, H76.

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1. Introduction

Current issues connected with the public sector often aim to achieve effectiveness, economic efficiency, responsibility, and transparency. The public sector's responsibility arises from this sector's specific objective, including the impact of policies on society (Jacobs and Goddard, 2007). The view on the model of public administration has been changing during the years. The term "governance" is a concept that first appeared in the private sector in the context of organizational power. In the public sector, governance is currently understood as the operational level (Raczkowski and Mikułowski, 2013; Thalassinos *et al.*, 2014; Thalassinos *et al.*, 2015). The government should solve many tasks, for instance, the process of public decision-making, support of autonomy and independence of citizens, and ensuring the common good through civic involvement (Jedrzejowska-Schiffauer *et al.*, 2019).

The new public management model's approach was criticized in the past decade for not adequately scrutinizing the private sector experience and its inadequacy for the assessment of public sector decision-making (Monteduro, 2005). Therefore, a new concept of public governance has been developed (Bryson, Crosby, Bloomberg, 2014). The concept of new public governance is based on processes involving the private and public sector, the relationship between society and public authority (partnership or civic participation), and the approach of liberal democracy (Rhodes, 1996). New public management and new public governance in the local public sector stress the growing need for accountability. Baeckstrand (2006) noticed that the accountability of local government is towards all stakeholders.

Participatory budgeting (PB) is an approach that contains all these characteristics. It is based on civil society's active involvement and a multi-sector perspective (Chen and Delmas, 2011). It is well supported by the remarkable dissemination of the decision-making process and social reporting (Deegan, 2002). According to Cabbanes (2004), cities that implement PB find an attractive way to renovate their political party culture of communication and cooperation with citizens. PB represents positive tension between a vision of modern governance built on shared political power, civic actions, and accumulated social debt concession. PB is often understood as a performance improvement of public sector provisions (Pollitt and Bouckaert, 2011). PB was so successful that it spread throughout the world in the following years after its introduction (Lashonda, 2014).

Above mentioned knowledge leads to the implementation of participatory budgeting in many municipalities in developing and developed countries. Unfortunately, local leaders lacking approaches, and the implementation of PB can bring disadvantages. This paper presents an overview of the literature's advantages and extends these findings by referring to the Czech experience. The paper aims to evaluate the development of participatory budgeting in the Czech Republic and to detect the main advantages and disadvantages of its implementation in Brno. The authors hope that

this study can help other cities in their decision whether to implement participatory budgeting or not.

2. Literature Review

The concept of participatory budgeting is well known; however, its implementation is unique in every country. According to Gomez, Insua, and Alfaro (2016), PB implementation occurs in two primary forms - static and dynamic. Dynamic form is much less frequent due to the budgetary process (annually, antecedence, the need for acceptance).

Participatory budgeting is characterized by five fundamental criteria (Gbkpi, 2005). First, it is necessary to discuss the accounting and (or) economic-financial dimensions explicitly. Second, the city dimension must refer to the entire city (or territorial administrative unit). Third, the participatory process must have the annual cycle character repeating or reiterate over time. Fourth, the participatory process must involve some forms of public deliberation. Fifth, it is necessary to report the achieved results. Implementing PB can increase participative democracy. However, some dangers may have a negative influence on the results.

Vovchenko *et al.* (2018) stress the need to implement best practices for higher openness, transparency, and accountability of budget procedures. Gerwin (2013) stated eight minimum criteria which must be fulfilled in order to ensure the proper functioning of participatory budgeting:

1. Residents have the opportunity to submit proposals.
2. Separate envelope to every participatory budget is clearly defined.
3. Accurate (as far as possible) pricing of projects.
4. Every stakeholder can attend public debates.
5. Officials accept projects submitted by residents because of substantial reasons.
6. Inhabitants choose the best projects.
7. Only entitled residents may participate in voting.
8. Selected projects are implemented.

Many factors influence participatory budgeting. According to Chinnasri and Amornsiriphong (2018), the results of PB in every municipality are influenced by factors that can vary from city to city, from country to country. PB depends on geographic location, attributes of people, the vigor of the civil sector, stages and channels to access information, the trust of people, legal environment, local leaders, the approach of governance, public relations, information provisions, common ownership creation, suitability, faith and confidence in the management of the local government organization, gaining utilities and responsiveness to the problem.

Advantages related to basic principles of participatory budgeting which are, above all, increasing accountability. Participants should be provided with information on accepted projects and their accomplishments (Sintomer, Herzberg and Rocke, 2008). The next principles are transparency (better monitoring of public expenditure, e.g., Shah, 2007), efficiency and effectiveness (help with financing several noteworthy projects, discussion with experts from different branches, and overcoming inertias). PB allows all citizens' participation in the concept and (or allocation) of public finances (Dias, 2015). Furthermore, PB contributes to eliminating social exclusion (Wampler, 2012), education, and citizens' interest in public affairs (Souza, 2001). From this point of view, PB extends people' rights and has a significant role in promoting public awareness (Kamrowska-Zaluska, 2016). Simultaneously, PB increases democracy (Rainero and Brescia, 2018) in expert control, dissemination of power, improvement of trust in the public action, valorization of particularities, and the composition of conflicts. Also, PB decreases the social exclusion of minors, young people, minorities, or even women in some countries. According to Kamrowska-Zaluska (2016), PB improves people' trust in local government and its representatives.

To sum up, literature offers many advantages linked to participatory budgeting. These advantages can be achieved only by a precise implementation of PB. Moreover, PB is influenced by many external factors that are not always positive. It is possible to observe lacks in implementing participatory budgets, which can lead to citizens' negative approaches to PB. Experience with the implementation of PB should be widely published so that other local authorities can avoid making the same or similar mistakes.

3. Methodology and Goals

This paper aims to identify the positive and negative aspects of participatory budgeting implementation. We offer an analysis of PB in Brno (the second-largest city in the Czech Republic, where about 400 000 inhabitants live). If possible, we would like to find all positive aspects of PB mentioned in current literature because Czech people are famous for their overall dissatisfaction and ability to create their own new ways. We suppose that the situation in the Czech Republic differs from other countries.

The paper aims to evaluate the development of participatory budgeting in the Czech Republic and detect the main advantages and disadvantages of implementing participatory budgeting in Brno. A qualitative method was applied to synthesize this research.

4. History of Participatory Budgeting in the Czech Republic

Participatory budgeting started in the Czech Republic in 2014. Prague 7 (one of Prague's city districts) was the first city that introduced this concept. In 2015, they decided to allocate one million CZK for PB. Only 13 projects from 20 suggested were

marked as viable, and only seven projects were chosen for the vote of citizens. Every citizen could vote for one project, but only 66 citizens participated in this vote. The winner was a sports ground (Vokoun, 2018). In 2015, other cities implemented PB, e.g., Semily with one million CZK. The winner was a reconstruction of a playground. In 2016, PB's idea became more popular, and other cities implemented it, e.g., different city districts of Prague. Prague-Zbraslav decided to give one million CZK for PB and introduced new conditions – the maximum cost of one project was 250 000 CZK. Four projects were implemented (barrier-free entrance to a home for the elderly, revitalization of two bus stations, and paintings on transformer stations). Prague 10 allocated five million CZK, and the winners were, e.g., modernization of neighborhood around Strašnická metro station or a park revitalization. Ostrava-Jih also decided to give five million CZK.

The popularity of participatory budgeting was gradually increasing, with 38 municipalities in 2018. However, the number of citizens who vote for PB projects is not high. Municipalities with many citizens implement PB more often than municipalities with a low number of citizens. Majority of municipalities that implemented PB are located in Prague, north-west of Bohemia, and north-east of Moravia. The average voter turnout rate is about 5 %. The most successful cities manage to get about 12 % of their citizens voting. In Brno, this rate was only 3.84 % in 2018.

Every municipality creates its unique model of PB; therefore, it is difficult to compare different municipalities. Participatory budgeting, its conditions, or promotion are not regulated by law in the Czech Republic. Municipalities set their own rules, which means they are not bound by any regulations and can act creatively. On the other hand, this freedom can lead to the diversion of funds to preferred projects.

5. Participatory Budgeting in Brno

The model of participatory budgeting in Brno was based on partner cities like Bratislava, Utrecht, or Stuttgart and municipalities from the Czech Republic, which implemented PB earlier, e.g., Prague or Ostrava. Brno used the knowledge and methods of non-profit organizations. The whole process of PB takes two years. The first year involves the following phases: call for projects, projects submitting, support gathering, projects analysis, and voting. During the second year, winning projects are implemented. The PB project title in Brno is "Dáme na vás" (It is up to you).

Every round of participatory budgeting in Brno starts by publishing a call for project proposals. The call, which has to be ratified by the city council, includes information about the size of PB, thematic surveys, and schedule.

The second phase is dedicated to projects submitting. Every citizen of Brno can present a project proposal (there is an interesting definition of Brno's citizen – every natural person who is 15 years old or more and who sojourns in Brno). It is possible

to submit a project online or in paper form (in this case, a personal submission to PB coordinators is necessary). Every citizen can submit a maximum of five projects. Required information contains the project's name, description of the project, short abstract, benefits of the project, location of the project, expected costs, expected realization time, personal data about the applicant, thematic surveys, and additional information such as sketches and photos. Project submission should fulfil the following criteria established by the city council:

- The project has to be publicly beneficial.
- The project has to be implemented within 12 months, and its preparation must not exceed 24 months.
- The city of Brno has the competence to implement the project.
- The project has to be on the city's property and territory.
- It is prohibited to promote products, services, activities, or attitudes of commercial and non-commercial subjects in projects (e.g., religious, or political).
- Total costs of fulfilling the project (including operating costs) for three years do not exceed three million CZK (including VAT).
- The goal of the project must not be a direct transfer of money, e.g., subsidies.
- The project does not deal with the housing resources of the city.
- It is necessary to agree with all city districts on investment projects that touch on more city districts.
- PB project is not a proposal to amend legislation, a proposal to introduce, change, or abolish regulatory restrictions (prohibitions, traffic signs) et cetera.

During the call for projects phase, the city organizes many workshops and meetings, where citizens can consult with representatives of city districts or administrators of PB. These workshops and meetings are essential because citizens may not know what is in the city's competence or which assets belong to the city.

The third phase is based on a support gathering. All projects, which fulfill the formal criteria, are publicly displayed on the official website www.damenavas.brno.cz. Citizens can publicly express their support on the PB website; they mark their favorite projects with the "I like it" button. It is necessary to get 300 likes to gain enough support. Only projects with sufficient support can advance to the next stage. The second possibility of how to gain public support is to collect 30 signatures of Brno citizens. The signature sheet must be presented to the PB office. A group of experts analyzes all projects with public support according to their feasibility, and then projects are sent to city districts for agreement.

The fourth phase involves the feasibility assessment of proposed projects. All projects are reviewed against formal requirements, costs, and time adequacy. Furthermore, all projects must not conflict with city plans and law. The city makes such control. Any project has to be agreed on by the city district where the project will be located. The PB office provides this agreement. Every citizen who submits a project proposal is

notified if her/his project is feasible or not. Unsuccessful projects can be modified, and it is possible to send them for a new review process.

The fifth phase is based on the voting of citizens. Citizens can choose only from feasible projects. There are two types of voting - through the website or public meetings. Every citizen has five-plus votes and two minus votes. All votes can but do not have to be used. It is possible to give a maximum of two votes to one project but only one negative vote. Voting is secret. Citizens can check the website where the number of votes is shown. This type of voting is called the Janecek method (Institute H21, 2020).

The evaluation of projects is divided into two steps. First, plus votes for all projects are summarized. Second, projects are ordered according to plus votes. There may be some projects with the same number of plus votes. These projects are ordered according to the number of minus votes or the number of voters.

Ordering of projects is crucial for dividing them into winning projects and non-winning projects. The number of winning projects is based on costs; there is no guarantee that the first 10 or 15 projects are winning. Projects are marked as winning projects up to spend assigned money for the year. Winning projects are implemented the following year and are part of the municipality budget for the next year. Voting results and winning projects must be public.

The last phase of participatory budgeting is accomplishing the winning projects. Accomplishing of every project is managed by an implementer (PB office or other subject assigned by Brno city council). The attention is aimed at the cost. Brno gains money if real costs are lower than estimated costs. Contrariwise, Brno pays extra money from its budget if real costs are higher than estimated costs, but only up to 20 %. Projects with a difference of more than 20 % between real and estimated costs are marked as non-viable. In case that two winning projects conflict, the project with a higher number of votes prevails. Projects can also be extended. The winning project shall not be finished if they become non-viable. All citizens can see the accomplishing of winning projects on the PB website.

6. Winning Projects in Brno

There have been three successful rounds of participatory budgeting so far. The fourth round is taking place this year. It is possible to submit project proposals until 15 June 2020. However, due to the spread of COVID-19, all public meetings have been canceled. The first edition of PB was organized in 2017, followed by the second one in 2018. The third round was finalized at the end of 2019 with a record-high number of votes for the winning project. An overview of these results is presented below. Table 1 shows the number of feasible projects (including winning and non-winning projects based on citizens' votes), not feasible projects, and the number of voters

engaged. It is possible to observe a gradual decrease in the total number of supported projects subject to feasibility check and voting.

Altogether sixteen winning projects were selected by public vote in 2017. The absolute winner received 2031 votes (2173 plus votes and 142 minus votes). The project aimed to conduct a study that would suggest missing connections between several city districts, specially designed for cyclists and pedestrians. Its proposed budget was 600 000 CZK; the final cost increased to 712 000 CZK. Every project must fall into one of these eleven categories: seniors, children, sport, entertainment, culture, health, transport, animals, education, green spaces, others.

During the first year of participatory budgeting in Brno, nine out of sixteen winning projects were labeled the “seniors” category. However, the projects were thematically broader and offered various services to everyone, including kids. This misunderstanding in proper categorizing of projects seemed to be solved in the following edition of 2018. The 2018 results show a significant drop in the number of infeasible projects during the second year of participatory budgeting in Brno, with a similar trend in 2019. Compared to 2017, the number of voters increased by 24.25%, from 11 660 people to 14 487 people. Altogether 11 winning projects were selected in the following categories:

- sport (3x),
- children (2x),
- green spaces (2x),
- other (2x),
- health (1x),
- transport (1x).

The absolute winner of 2018 received 2341 votes (2610 plus votes and 269 minus votes). The project's aim with a proposed budget 2 950 000 CZK was to conduct a study on how to improve the quality of water. The project is currently in the implementation phase; therefore, its final cost has not been calculated yet.

In 2019, the total amount of 35 million CZK was made available for participatory budgeting, representing 0.21 % of the total city budget (including city districts). Citizens proposed 114 ideas, out of which 90 were supported by “likes” or signatures. All 90 projects were subject to assessment. One project was withdrawn, and seven were or will be realized outside the participatory budget. It was then possible to vote for 53 feasible projects between 1 November and 29 November 2019. Voting could be done via an online website, Brno ID account, or in Jiří Mahen Library in Brno.

However, compared to 2018, the number of voters decreased by 8.79%, from 14 487 people to 13 214 people. Fourteen winning projects were selected in the following categories:

- sport (5x),
- green spaces (2x),
- other (2x),
- children (1x),
- health (1x),
- culture (1x),
- seniors (1x),
- transport (1x).

The absolute winner received a record-high number of votes: 4662 (3549 plus votes and only 90 minus votes). The second winning project received an impressive amount of 4369 votes (3480 plus votes and 128 minus votes). The winner aims to support families with children who were diagnosed with cancer. This support should include various therapies, nutritional counseling, educational programs, leisure activities, assistance services, rehabilitation, and educational aid.

Table 2 shows how many winning projects are already implemented or still in progress. Unfortunately, two winning projects from 2017 and 2018 were terminated due to their excessive overall costs. For 2019 winning projects, the implementation phase has already started.

7. Advantages and Disadvantages of PB in Brno

Based on our analysis, we can define the following positive aspects (advantages) and negative aspects (disadvantages) of participatory budgeting in Brno.

Advantages:

- Involving citizens in the decision-making process and taking care of public affairs and increasing their accountability by designing projects would be useful.
- Finding out what citizens want; interesting project proposals do not have to be realized only through PB.
- Improvement of social contacts; communication, meetings, working on a joint project.
- Increase in citizens' creativity.
- Ensuring public control of the winning projects.
- Simple and easy voting.

Disadvantages:

- Money could be used for more beneficial projects (than, for example, purchasing a snowcat that can be used for ice skating on a dam in winter).
- Limited resources per project makes it impossible to propose projects with more extensive (and simultaneously) necessary investments.

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- Elimination of some citizens from the decision-making process (especially older citizens, as they often do not vote online and voting at special meetings is also not interesting for them).
 - Increasing tensions between city districts (as people tend to vote for projects situated in their or neighbouring city districts).
 - Funds spent on expertise, website promotion, and other administrative activities related to PB; money could be spent more efficiently.
 - Low involvement of citizens who vote (3.8% of the total number of citizens in Brno).
 - Possibility to choose only from a limited range of topics.
 - Citizens' attention is focused on funds related to participatory budgets, thus reducing the space for monitoring the further management of public funds.
 - Difficult definition of what belongs to the competence of the city and the property of the city.
 - Significant amount of paperwork.
 - Demotivation in case the project does not win.
 - Misleading project names versus their real description (e.g., both winning projects from 2017 and 2018 only proposed a study which was not obvious from their titles).
 - To sum up, we have observed that the number of negative aspects outweighed positive aspects during the three years of participatory budgeting in Brno.

8. Discussion

We agree with the results presented by Poniatowicz, Dziemianowicz, and Kargol-Wasiluk (2020) that modern economic processes need modern approaches to institutions and the quality of governance. Participatory budgeting can be considered one of them. However, the positive aspects of PB should outweigh the negative aspects.

We can see that the organization of participatory budgeting in Brno fulfills this concept's essential theoretical criteria. Unlike in some developing countries, successful projects do not necessarily aim at securing basic needs. The participatory process does not primarily serve to enhance the performance and accountability of bureaucracies or social justice.

The number of Czech municipalities implementing participatory budgeting is expanding, but the citizens' interest in participating is not very high. Some of the project proposals are not feasible in practice, which may discourage applicants from further activities in this area. Only 1 to 2 % of the municipal budget is allocated to PB (on average). The Czech Republic thus belongs to the group of countries that allocate the least funds to PB.

Winning projects in Brno often aimed at improving the quality of spending leisure time (e.g., many winning projects in the sports category) or conducting studies.

However, any follow up reactions to these studies will not be financed from the project budgets but will have to be funded from the regular city budget. Thanks to a massive campaign (billboards in the city center, online ads), PB became a widely known concept in Brno. However, the voter turnouts from 2017-2019 have not proven such a trend. Also, the involvement of citizens seems to be decreasing, with fewer projects supported each year. On the other hand, fewer projects in the final voting stage can ease the decision-making of citizens. Participatory budgeting can also be costly. The city must employ officials who deal with this topic, run a dedicated website and information campaign, and ensure the feasibility assessment and compliance of proposed projects.

9. Conclusion

Citizens' engagement in participatory democracy, transparency, or public spending control is often described as the main advantage of participatory budgeting. Nevertheless, only the way how municipalities implement PB determines the success or failure of the entire concept. Although there is no single rule for the PB process in the Czech Republic, and municipalities are free to set their rules, there are ongoing discussions if there should be a universal rule applicable to the territory of the whole country or not. One of the things that municipalities should keep in mind when creating those rules is minimizing the amount of paperwork and administrative burden to attract as many citizens as possible. One of the main positives of PB is getting to know citizens' needs and wishes, which can, in the end, be realized outside the participatory budget as well. This scenario has a positive impact on the level of trust in local government.

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