"Public Budget Dialogue" – An Innovative Approach to E-Participation

Stefanie Roeder, Annika Poppenborg, Susanne Michaelis,
Oliver Märker, and Stefan René Salz

Fraunhofer-Institute AIS,
Schloss Birlinghoven, D-53754 Sankt Augustin
{stefanie.roeder, annika.poppenborg, susanne.michaelis,
oliver.maerker, stefan.salz}@ais.fraunhofer.de

Abstract. The potential of the internet has been recognised to enhance government initiated citizen communication. Despite limited experience so far, some lessons for designing online-participation have been learned: Ensuring the external and internal relevance of online consultation processes seems crucial. Some measurements to ensure the external and internal relevance will be set out in a description of an e-participation process in Esslingen, Germany, the first project to use web-based discussion forums as an instrument to inform and consult the public about the municipal budget.

1 Introduction

The discourse on the potential of e-government often focuses on the digital availability of municipal administrative processes and on the possibility to provide internet-based access to those processes. The internet is increasingly used as an instrument to inform the citizens about municipal affairs, based on a paradigm in which public administration is steadily transformed from a "service community" into a "citizen community". In addition to its potential to deliver information, the internet also offers new methods of engaging citizens in political discourse and especially of involving large numbers of relevant stakeholders into the discourse processes. While the potential benefits of the internet may have been recognised, little knowledge exists on how internet-based participation processes may be designed to tap its full potential. The Fraunhofer-Institute AIS developed a model for the design of successful internet-based participation. This paper illustrates the model on the basis of a case study in the city of Esslingen, Germany. The Esslingen case is doubly innovative: not only was the internet used for a public participation, but also was the topic 'public budget' an immensely complex subject for a discussion amongst the lay citizens. Critically assessing the case study, the model for successful internet-based participation will be used to highlight the measures to utilize the internet's full potential.

2 Benefits of Internet-Based Participation

In the context of e-democracy, the internet is often discussed as a tool for the 'direct and democratic' participation of citizens [1]. However, often these discussions revolve

around internet-based voting procedures or the availability of forms. Here, e-Participation is defined as *'the process, in which policy makers involve citizens via internet in preparing a decision. (…) Citizens' experience and expertise are used to generate knowledge in order to solve complex problems'* [2]. The underlying concept of e-participation presents internet-based participation as an offer rather than legislation. This is comparable to traditional informal consultations in which citizens are involved in the process of discussing, assessing and evaluating issues, but not in the decision itself.

For citizens, administration and politics, the benefit of participation is, that the citizens' insight into governmental processes can lead to stronger acceptance of political and administrative decisions. The acceptance of political decisions mainly increases, since citizens who are strongly involved in the decision making process are more likely to accept its outcomes.

Various advantages of internet-based participation methods and processes were identified by Wesselmann [3], Kubicek, Westholm and Wind [4] as well as Friedrichs, Hart and Schmidt [5]: The internet provides a low-barrier threshold and offers 24/7 access to relevant political information. Hence, wider sections of a population can be informed without them having to attend a public meeting or to consult with politicians at a specific date and time. Since the spatial location is irrelevant for internet access, participants may be spatially distributed but still have the same possibilities of attendance. Thus, the number of potential participants increases again. Another advantage is that internet-based participation is text based and thus more transparent than the conventional participation process. Especially the more complex topics require a high level of transparency, which is considered a value in democratic processes. The deliberative democratic approach initiates communication in order to discuss different viewpoints on a topic. Compared to traditional public discussions, participants in internet-based discussions are able to refer to all other contributions. This leads to a more thorough and complex discussion. With asynchronous online discussions communication decelerates. Relevance and objectivity of the contributions may increase, as more information can be taken into account. New knowledge can be generated and integrated into the political process through the participation of many - citizens as well as experts.

Regardless the benefits and the discursive potential of the internet, the reality is disillusioning. Coleman and Gøtze [6] point out, that *'there are very few examples anywhere of the internet being used to involve citizens in policy deliberation. Where examples can be found, they are of an experimental nature; online public participation is still in its infancy.'* With regard to their examination of case studies in twelve different countries, they conclude that all projects are frustrated by the same two problems: *'Too few people know about them and governments fail to integrate them into the policy process or respond to them effectively.'* Similarly to Coleman and Goetze, Pflüger et al. [6] regret that to date opportunities for internet-based citizen participation have been developed mainly from a technical perspective.

3   Success Factors for Internet-Based Participation

Fraunhofer AIS has developed a model for internet-based participation, which describes success factors that should be taken into account in the design of the process. A detailed description of the model can be found in Märker et al. [7].

The basis of the model is to ensure the 'external and internal relevance' of the participation process. The term 'external relevance' describes the embedding of the internet-based participation process into the users' and government's environments. This means, that not only do the new internet-based procedures have to be technically adaptable but they also have to be integrated into political-institutional, organisational, cultural and economical structures [8]. Within the framework of e-governance the need for integration has already been recognised as significant, and some good-practice examples and guidelines have been realized [9]. If measures for the external relevance are taken seriously before and during the internet-based participation, it is more likely that citizens will be motivated to participate in the process. Michaelis [10] identified 22 criteria to ensure the external relevance. They include for example the degree of involvement of decision makers, how to select the optimum phase for the consultation during a policy cycle, how to ensure the accessibility for participants and the feedback through governmental bodies. Not only are the measures leading to good external relevance important, those ensuring good internal relevance are also significant for a successful process. The term 'internal relevance' describes all measures to enhance the productivity of the discourse. This includes especially measures that increase the trust regarding the productivity of the process from the participants' point of view. Internal relevance targets a goal-, and results-oriented discussion. Michaelis [10] has identified 12 criteria to achieve internal relevance. Acland [11] regards the concept as the key challenge in designing successful public consultation processes because *'electronic processes have the effect of magnifying conceptual and design failures'*. Regarding the state of the art, it has to be acknowledged that there is less known about internal relevance and affecting criteria than about external relevance.

4   The Case 'Public Budget Dialogue in Esslingen'

Esslingen is a city located southeast of Stuttgart in south Germany with about 90,000 inhabitants. Esslingen participates in the German federal multimedia project 'Media@Komm', which supports comprehensive e-government and e-democracy activities. The city aims to use information and communication technologies (ICT) to transform the traditional bureaucracy into a modern service organisation by optimising administrative processes and services for citizens and businesses. The processes to be optimized include online-administration services as well as citizens' consultation. The integration of internet-based participation into standard procedures and practices has become one of Esslingen's goals. Since 2001 the City strives to implement a permanent online participation infrastructure. However, similar to other public internet forums the first attempts were not accepted by the public and lacked participants and contributions. It became clear that the sole existence of discussion forums is not sufficient, even if supervised like in Esslingen. In 2003 Esslingen was given the chance to start a new approach on internet-based participation due to the Media@Komm project. Esslingen decided to involve the citizens in the preparation of the municipal budget and the distribution of the cities' financial resources.

The municipal budget is a central instrument of political governance and is based on a complex process of relating finances with political agenda. Therefore municipalities usually determine their budgets with the help of political experts. In Europe, citizens have rarely been involved in the process of the development f the municipal budget. In South America, however, the "public budget process" is a successful participatory approach to deal with the problems of minimal financial resources in large cities. The "public budget process" has its origin in Porto Allegre, Brazil. Since 1989, the citizens of Porto Allegre (1.3 million inhabitants) have been consulted on a regular basis on the distribution and investment of municipal funds. Their input has served as a basis for the decisions of the municipal council of Porto Allegre. Involving citizens in developing the municipal budget has led to significant improvements of the quality of life in Porto Allegre. The Porto Allegre approach is a successful model of participation and a growing interest can be recognized, even though it is known to be difficult to transfer experiences of the South to the North, especially if they concern representative model of democracy. We can see, for example, first attempts to emulate features of the Brazilian experience in many European countries. Currently the Marc Bloch Institute in Germany runs a research project that compares such projects in Europe.

The public budget dialogue in Esslingen is one of the first European projects to use an internet-based discussion forum as an instrument to inform and consult the public about the municipal budget. Esslingen assigned the Fraunhofer Institute AIS to support the conceptual and technical realization of the internet-based participation.

The process design started in May 2003. The first step towards the process design was an analysis of the initial situation in Esslingen regarding its municipal budget. The analysis identified scope and suitable topics for the public consultation. The main part of the process planning addressed the identification of the stakeholders' interests and their opinions about the internet-based process. Fraunhofer AIS interviewed all stakeholders and representatives of the municipality over a period of three weeks. Additionally, questionnaires were sent to other relevant concerned parties and committed citizens. In this manner, all relevant persons could contribute and name risks and benefits from their viewpoint.

The topic "budget" had been assessed a risk by the politicians. They believed it to be too complex for a public discussion. Another identified threat was the potential of misuse of political influence and lobbyism. The municipal council identified the risk of losing power regarding decisions about the budget. The lord mayor supported the project despite the political and administrative concerns. The questioned citizens anticipated higher transparency regarding the decision about the municipal budget. Further anticipated benefits from the experts' point of view were that the discussion could generate new ideas and even proposals on how to balance budget deficits, as well as the possibility to initiate a learning process about municipal structures for all participating parties. Identified factors for a successful outcome were the accessibility of the forum (e.g., internet access for all citizens), the transparency of the process, the facilitation of the discussion by an impartial institution, and the transparency of the utilization of the discussions outcomes.

The public budget discourse was divided in to two online phases. The first phase was mostly information-dedicated. The second phase concentrated on the development of ideas and proposals regarding saving financial resources.

The first phase of the internet-based discussion lasted four weeks and was initiated with a public meeting in the old town hall of Esslingen. The forum started with a discussion on several topics in the main forum. Topics were for example the basic parameters of the municipal budget, the financial situation in Esslingen and municipal traffic expenses. During the course of the discussion sub-forums, dealing with the refurbishment of schools, major investment projects, and saving measures for the administrative budgets were set up. Outcome of the first online phase were about 20 proposals. They ranged from initiating a list of people interested in voluntary community services, to switching off traffic lights to save energy at night.

Within the first online-phase 156 users registered and about 150 contributions, not counting the moderators contributions, were posted. The website (www.haushalt-esslingen.de) counted about 8,000 hits and the page of the main forum was directly accessed more than 4,500 times. In comparison to other internet-based public participation processes, these figures can be assessed as quite positive, considering the complex subject of the discussion, and the low number of citizens who usually get engaged in information and discussion about the municipal budget.

At the end of the first online-phase the results were summarized and published in the internet. Further, a questionnaire was sent out to the participants via email. They were invited to provide feedback addressing the moderation and usability of the forum, and to suggest topics for the second online-phase.

The time between the two discussion phases was used to analyse the questionnaire; the suggestions for topics for the second phase were given to the online-moderation team. The outcomes of the first phase, namely the proposals for saving financial resources, were compared to an existing list of "saving measures" of an official municipal budgetary commission. The lists partly matched each other in several thematic budgeting areas. On the basis of these results topics for the second internet-based discussion were identified.

Additionally, Fraunhofer AIS held a workshop on online moderation in Esslingen, aimed to build up moderation capabilities in Esslingen for future internet-based discussion processes. During the second online phase the 12 participants of the workshop had the possibility to get actively involved in the discussion as moderators. They were supervised by the Fraunhofer AIS moderation team and supported by an adviser in Esslingen.

The second discussion phase lasted two weeks. It was designed to deepen the discussion on specific topics, especially the "saving measures" of the official budgetary commission. Similar to the first phase, the internet forum was initiated by a kick-off meeting at the city hall. Discussed categories of "saving measures" were for example energy, services, fees, and alternative sources of revenue. During the second discussion phase, 27 ideas and proposals were developed, ranging from "citizen loans" to increasing parking fees. Half way through the discussion, a two hour online-chat with the lord mayor and the mayor of finances was offered and attracted many participants.

During the second phase 171 participants were registered and about 110 contributions were written (not counting the moderators' contributions). About 4,000 hits on to the homepage and more than 1,600 direct accesses to the main forum were counted. These figures show, that not only the number of registered participants had increased, but also the relative number of contributions. The interest for information and participation did not decrease despite holiday time and less public relations for the second discussion phase.

5   Success Factors 'External and Internal Relevance'

The external relevance can be assessed as relatively low. Although the Lord Mayor and the Mayor of finances assigned the project and were campaigning for it, a political relevance could barely be established. Integration into the political-administrative process did not occur, which was a direct result of the concerns of the municipal council to lose power over financial decisions, and to be confronted with impossible requests. Measures to integrate the project into the political-administrative structures, for example by scheduling the procedure according to the policy cycle of the municipal budget or including the suggestions of the official budgetary commission did not improve the involvement of the political groups. So far it is uncertain if Esslingen will repeat the public budget dialogue, although citizen initiatives are highly supportive of the idea.

The internal relevance can be assessed by taking into account three factors: process planning, moderation and software. In the following, some criteria for internal relevance will be described and applied to the experiences throughout the public budget dialogue.

5.1   Process Planning

Definition of objectives and collection of basic information: A clear definition of what the consultation shall achieve is important information for the municipal council and a motivation for the citizens [11]. A thorough collection of basic information is necessary in order to tailor the process according to the interests of all stakeholders. In the case of Esslingen the goal was to inform and consult citizens about the municipal budget. All information concerning the budget was provided in user-friendly form in the internet. A survey at the end of the consultation process showed a general contentment with the provision and quality of information [12].

Timing of the consultation: Generally, internet-based participation procedures should be carried out as early in the respective process as possible [9], [13]. Existing guidelines about the duration of a consultation vary from three weeks [14] to 12 weeks [15]. Consultations are best carried out in multi-stage processes [11]. In the case of Esslingen the internet-based discussion lasted six weeks, divided into a four-week and a two-week phase. Between these two phases was a two-month summer break. The schedule acknowledged the policy cycle of the municipal budget.

Process type and tools: Märker et al. [7] emphasise the advantage of hybrid processes which means the combination of web-based elements and traditional offline

participation processes (e.g., public meetings). Bremer [14] highlights the benefit of a mix of elements, including other interactive elements like polls, surveys or expert interviews as well. Especially these events help building up a "discourse-dramaturgy" and increase the attention and motivation of the participants [16]. The consultation in Esslingen was a hybrid process, since both online-phases were initiated by public events. For the discussion, the asynchronous, web-based discourse software Dito$^®$ was used. The online-chat with the lord mayor and the mayor of finances was a synchronous event.

5.2   Moderation

Previous pilot projects and evaluation reports emphasise moderation as a fundamental success factor for internet-based cooperation-, and participation processes [7], [11], [16] and [6]. Moderation by a neutral third party guarantees the trust of the participants, and seems to have a strong impact on their motivation [16], [14]. In the case of Esslingen an active moderation style was applied, which means that the moderators actively shaped the communication process, phrased opening questions and responded to contributions. One member of the moderation team had an editorial function and was responsible for forwarding technical questions about the budget or municipal structures to the relevant offices and to retrieve and edit their responses. This made sure all information was compiled in user-friendly form and stored in the online library of the forum. Another asset were the citizens, who participated in the offered day's workshop on online moderation. They successfully supported the moderation team in the second online phase.

5.3   Software

A platform for internet-based discussions needs to be flexible in the sense that it can be tailored to the demands of each particular project procedure. The platform especially needs features for moderation. Equally important is the usability of the software for the participants. They have to be able to find their own submissions and see how they are allocated in the context. It proved to be an advantage to have easily navigable, multi-threaded and cross-referenced contributions [17]. For the public budget discourse in Esslingen, the web-based discourse software Dito$^®$ was used. Dito$^®$ offers a wide range of moderation features, for example changing the structure of discussion threads and a notification feature that automatically informed the moderators by e-mail about new contributions in the forum. While everyone, including unregistered guests, was allowed to read the contributions, only the moderators' team was able to modify them.

6   Conclusion and Outlook

The case of Esslingen has to be classified as an e-participation project with relatively high internal relevance and a rather low external relevance. Given that the context of e-participation is essentially of a political nature, we conclude that in this context the process cannot be deemed successful. The low external relevance influenced the overall assessment negatively, or vice versa, the successful elements of the process

would have had more impact with a higher external relevance. A stronger external relevance may lead to changes in the common communication processes among the triangle of politicians, citizens and administration, and thereby lead to more modern and sustainable decision making processes. However, introducing external relevance to participation processes is a long-term goal depending on the overall planning and participation culture. Through public participation that regards the success factors 'internal and external relevance', new knowledge can be produced, which can catalyse the sustainable solution of complex problems. Using the internet, as a communication medium with high participative and communicative potential, may initiate the transformation of institutional and organisational structures in the municipal administration and policy.

Future research could investigate the impact of city scale on the model for internet-based participation, as well as the influence of cultural factors throughout Europe.

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