



Project: **Capacity Building of NAPA for Open Local Governance**

Implementing organisation: **Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPAcee)**

Partner: **National Academy of Public Administration under the President of Ukraine (NAPA)**

Supported by: **SlovakAid, a Slovak Ministry of Foreign Affairs' Programme**

Participatory Budgeting

Editor:
Daniel Klimovský

Copyright © 2017 by NISPAcee

The Network of Institutes and Schools of Public Administration in Central and Eastern Europe
<http://www.nispa.org>

Capacity Building of NAPA for Open Local Governance

Participatory Budgeting

Editor: Daniel Klimovský

Authors:

Daniel Klimovský, Department of Political Science, Faculty of Arts, Comenius University, Bratislava, Slovakia

Nataliia Grynychuk, Department of Regional Management, Local Self-Government and City Administration, National Academy of Public Administration under the President of Ukraine, Kyiv, Ukraine

The teaching material was developed in the frame of the project No. SAMRS/2015/VP2/1/1 “Budovanie kapacít NAPA pre otvorenú miestnu správu a samosprávu“ / “Capacity Building of NAPA for Open Local Governance“ jointly implemented by NISPAcee - The Network of Institutes and Schools of Public Administration in Central and Eastern Europe and NAPA - National Academy of Public Administration under the President of Ukraine with the support of Slovak Aid – the Slovak Agency for International Development Cooperation.

The team of contributors participated in the project and in the development and review of this publication:

Slovakia:

Juraj Nemec, Project Expert
 Daniel Klimovský, Project Expert
 Tomáš Jacko, Project Expert
 Ľudmila Malíková, Project Expert
 Ľudmila Gajdošová, Project Expert
 Elena Žáková, Project Expert / Project Manager
 Juraj Sklenár, Project Assistant

Ukraine:

Volodymyr Vakulenko, Project Expert / UA Coordinator
 Nataliia Grynychuk, Project Expert
 Hryhorii Borshch, Project Expert

The opinions of the authors do not necessarily reflect the views of NISPAcee, NAPA and SlovakAid.

ISBN 978-80-89013-84-5

NISPAcee is an international association focused on public administration. Its mission is to promote and strengthen the effective and democratic governance and modernisation of public administration and policy throughout the NISPAcee region.



Content:

Teaching module: Participatory budgeting

Daniel Klimovský.....4

Case study 1: Participatory Budgeting in Slovakia: Experience from Bratislava and Ružomberok

Daniel Klimovský.....14

Case Study 2: Participatory Budgeting in Lodz (Poland) and Chernihiv (Ukraine)

Nataliia Grynchuk.....19

Case Study 3: The Way to Avoid Hard Knocks from the very Beginning

Nataliia Grynchuk.....28

Teaching module: Participatory budgeting**Responsible experts: Daniel Klimovský, Nataliia Grynchuk****Planned time allocation:** 2 hrs lecture, 2 hrs seminar, 4 hrs exercise

The purpose of the module: to provide relevant knowledge in regard to participatory budgeting and to train the skills which are necessary for dealing with participatory budgeting.

After studying this module students should:

- understand the background of participatory budgeting;
- be aware of the pros and cons of participatory budgeting;
- be oriented towards the present relevant Ukrainian and foreign experience;
- be able to propose the relevant tools for the implementation of participatory budgeting.

Plan

1. Participatory budgeting and its pros and cons
2. Models of participatory budgeting: from Porto Alegre to Europe
3. Why crisis usually leads to restrictions in the field of participatory budgeting
4. Slovak experience with participatory budgeting
5. Ukrainian experience with participatory budgeting
6. Ways to implement the relevant tools which lead to participatory budgeting

Clearing the concepts: Definition of participatory budgeting

(plus Annex 1)

“Classical” or traditional understanding of budgeting is linked to the existence of a specialised unit which prepares, on behalf of an authority, a draft of the budget and this draft is consequently adopted or refused by the authority. When one speaks about participatory budgeting, one speaks about democratic deliberation when part of the decision-making is devolved and where common citizens decide how to allocate some specifically defined part of the public budget. In other words, thanks to participatory budgeting, citizens have the right to say how part of the public resources should be spent. Obviously, it is not only about the decision itself. It is a complex process including the identification of needs, formulation of needs, discussions, and prioritising some of these needs.

Some academicians even call participatory budgeting “pro-poor budgeting” or “inclusive budgeting”. The design of participatory budgeting allows the engagement/participation of those who are somehow excluded from common policy making, e.g. youths, inhabitants with no national citizenship or members of both segregated and low-income communities.

For other academicians, participatory budgeting is a tool for further civic education which leads not only to higher awareness of public issues and related policy making, but also to higher self-confidence of those who are usually at the edge of society (e.g. members of various marginalised or vulnerable communities) and who traditionally do not run for political office. Generally, there are a few stages of any participatory budgeting, namely:

- identification of the priorities of the relevant communities;
- development of specific projects/programmes (with/without expert help);
- voting or other selection of those project/programmes which will be supported;
- implementation of selected projects/programmes.

Models of participatory budgeting: from Porto Alegre to Europe (see also Annex 2)

Taking into account the fact that participatory budgeting was invented in Latin America, it is no surprise that European countries experienced somewhat different implementations. Within this perspective it is important to respond to several questions (Table 1).

Table 1: Elements of participatory budgeting which help to classify the used model

PB decision-making body	<ul style="list-style-type: none"> • Who sets up the rules of the game?
Participation	<ul style="list-style-type: none"> • How are the participants being selected? • What types of participation mechanisms are used? (public meetings, focus groups, simulation, advisory committees, surveys etc.) • How do citizens participate (direct vs indirect participation)? • How are the meetings organised (territorial or thematic logic, city, district or neighbourhood level)?
Deliberation	<ul style="list-style-type: none"> • What is being deliberated? (investments or service delivery, projects or general areas?) • How do participants communicate and make decisions?
Empowerment	<ul style="list-style-type: none"> • What role does the civil society play? • Are the participants' decisions binding for the authorities?
Control and monitoring	<ul style="list-style-type: none"> • Who controls the implementation of the budget?

Source: Krenjova and Raudla 2013: 23.

The implementation of the Porto Alegre model in most CEE countries could be, according to Krejnova and Raudla (2013), especially challenging, because this model implies politically active citizenry and politicians willing to cede significant decision-making powers. In light of the relative weakness of civil society, proximity participation and consultation on public finances could be more feasible models to start with experimenting with PB in the region (especially since these models also involve local officials, making it less “threatening” to elected officials and administration).

Table 2: Most common models of participatory budgeting in Europe

	Porto Alegre adapted for Europe	Proximity participation	Consultation on public finance	Community participatory budgeting	Multi-stakeholder participation
Decision-making body	Council composed of citizens' elected delegates	local administration	local administration	a committee composed of representatives of LG, NGOs, state organisations	a committee composed of representatives of LG, NGOs, state organisations, private sector
Participation	Participants' selection methods				
	Self-selection;	Self-selection;	Random selection;	Targeted selection;	Targeted selection;
	Scope of participation				
	single active citizens	single active citizens	“ordinary” citizens	organised citizens	organised citizens together with private enterprise
	Participation mechanisms				
	Open meetings at neighbourhood level, delegates at town level	Open meetings at neighbourhood and town level	Open meetings or citizens' forums at town level	Different kinds of meetings at neighbourhood level, delegates at town level	Closed meetings at town level
Deliberation	Focus of discussion				
	public investments	micro-local public investments or broad guidelines of town policy	overall budget or offer of services	concrete community projects	concrete projects financed by public/private partnerships
	Modes of communication				
	Develop preferences	Listen as spectators, express preferences	Listen as spectators, express preferences	Express, develop preferences	Express, develop preferences
	Formality of the process				
	Projects ranked according to criteria of distributive justice, formalised rules	No ranking of investments or actions, informal rules	No ranking of services, possible ranking of priorities, rather informal rules	Projects ranked, formal rules	Projects ranked, formal rules
Empowerment	Decision-making power	Consultation	Consultation	Co-governing partnership	Co-governing partnership
Control and monitoring	Council composed of citizens' elected delegates	local administration	local administration	local administration + donors	local administration + donors

Source: Krejnova and Raudla 2013.

However, one could also argue that because of the observed weakness of civil society in the CEE region, PB could be viewed as a clear and specific instrument for developing civil society. Budgetary decisions would constitute clear and specific focal points for discussion and hence

offer clearly delineated opportunities for civil-society organisations to voice their opinions at the local level. Also, PB could become the vehicle through which LG leaders practise participatory mechanisms. Similarly, for the citizen, PB venues may be useful “citizenship schools” for practising a more active voice and choice on local level issues, as has been the case in Latin America (see Wampler 2000; Willmore 2005).

Crisis as a danger for participatory budgeting

Generally, over the last two decades, most countries around the world have undergone significant processes of decentralisation (Selee and Tulchin 2004: 295). Videlicet, as was stressed by Manor (1999), said that most countries in the world, regardless of their political systems, geographical locations, histories, levels of economic development and cultural traditions, are now experimenting with some form of regional and local governance. For confirmation of this we can use the number arrived at by Crook and Manor (2000) – since the mid-1990s, approximately 80% of all countries have implemented some form of decentralisation. According to Brusis and Ochmann (1996), the centralistic practice of post-socialistic countries showed itself as the favourite method of organising the public administration system. It took almost a decade for some of those countries, or more precisely their central governments, to decide to strengthen the sub-national levels through decentralisation policies. General political agreement that decentralisation is good for the country does not ensure that decentralisation will deliver in practice. The decentralisation of functions from the central to any sub-national levels must be accompanied or followed by fiscal decentralisation – i.e. the decentralisation of the resources necessary to perform the transferred functions (Šević 2006: 6). A main outcome of fiscal decentralisation should be a sustainable fiscal relationship between central government and sub-national governments. As stated by Shah (1994), such a sustainable fiscal relationship can be described by means of principles (and the degree of their utilisation), such as: fiscal autonomy, revenue adequacy, equity, predictability, efficiency, simplicity, utilisation of incentives, and objective-orientation. But practice has shown us that recently, the states or federal levels burdened local governments in CEE countries with an increase in tasks, particularly in the domain of social services – very often without a corresponding increase in their resources (Elsenhans, Kulke and Roschmann 2005: 66). The situation was aggravated when the global financial and economic crisis came about. After “a period of good years” described by prosperity and continual economic growth, most developed countries (including EU members) began to face reality and cope with – *inter alia* – fiscal pressures.

An economic or financial crisis is a visible and shocking part of social development recession that changes the general level of prosperity in an undesirable way. When people feel the consequences of an economic crisis, financial instability is much less visible in budgetary terms.

However, less money in the economy and households means less money for both national and sub-national budgets. This might lead to a demand for the rationalisation of public services or even the abolition or privatisation of certain services. The above mentioned fiscal pressures can occur, not only at the national level, but also at the sub-national level. One might even argue that a financial crisis at the local level might be more intense than at the national level, especially if local governments are not sufficiently autonomous from central government. At the same time, one can expect that rural areas might be less affected than those with a predominantly industrial or post-industrial economy.

There are a few strategies focusing on coping with fiscal pressures, and one can identify several tools that may be utilised for the purpose of those strategies (Table 3). Basically, strategies aimed at the expenditure side include a reduction in operating expenditures, a reduction of capital expenditures, and a reduction of participation in grant programmes that require local matching contributions. On the other hand, there are revenue strategies and management strategies which include an increase in revenues, an increase in productivity, and a “reduction” in competences/responsibilities (Davey, 2012; Walzer et al., 1991; Wollmann, 1980). Sedmihradská (2011) stressed that the aforementioned strategies are not equal in terms of time for their utilisation. In other words, some of them are being used earlier than others and this is obviously connected to the political (and other) motivations of the relevant decision-makers.

Table 3: Classification of basic strategies for coping with fiscal pressures

Expenditures strategies	Revenue strategies and management tools
1) Reduction of operating expenditures <ul style="list-style-type: none"> - Lay off personnel - Reduction in employees' compensation - Freezing of wages/salaries or reduction in the rate of their increase - Freezing on hiring - Reduction of workforce through attrition - Initiation of early retirement - Reduction in overtime - Deferral of payments to next year - Cuts in all/the least effective departments - Reduction of administrative expenditures - Reduction of expenditures for supplies, equipment and travel - Elimination of additional services (optional services, social programmes) 	1) Increase in revenues <ul style="list-style-type: none"> - Increase in tax revenues by means of increase in tax rates/bases - Change in tax structure - Increase in local fees or licences - Selling assets - Utilisation of accumulated surpluses from previous years of lowering surpluses - Borrowing - Addition of inter-governmental revenues 2) Increase in productivity <ul style="list-style-type: none"> - Improvement in management - Change of internal structures - Improvement in labour-saving techniques 3) “Reduction” of competences/responsibilities <ul style="list-style-type: none"> - Shifting responsibilities to other units of government

<ul style="list-style-type: none"> - Keeping expenditure increase below inflation rate - Deferral of maintenance of capital stock <p>2) Reduction of capital expenditures</p> <ul style="list-style-type: none"> - Freezing of capital spending for new capital projects - Deferral of non-essential capital projects <p>3) Reduction in participation in grant programmes requiring local matching contributions</p>	<ul style="list-style-type: none"> - Contracting out services to other administrative units - Contracting out services to private sector subjects - Introduction of purchasing agreements
---	--

Source: Davey (2012), Walzer et al. (1991), and Wollmann (1980).

As is obvious from Table 3, participatory budgeting is a vulnerable tool when there is any kind of fiscal crisis. The relevant decision-makers decided to cut these vulnerable tools because there is no strong societal demand to keep them, despite the crisis.

Seminar

During the seminar students especially:

- a) discuss the pros and cons of participatory budgeting (i.e. especially its potential benefits, limits of implementation and potential risks)
- b) learn how to prepare a matrix of threats/risks
- c) discuss different models of participatory budgeting

Exercise

There are several exercises for students:

- 1) analyse the Ukrainian legal provisions in regard to participatory budgeting
- 2) analyse and discuss the Ukrainian experience with participatory budgeting
- 3) discuss the main limits as well as benefits of implementation of participatory budgeting in Ukraine
- 4) prepare a call for participatory budgeting in a fictional Ukrainian town/city and try to formulate a matrix of potential risks

References

Allegretti, G. – Herzberg, C. (2004): “Participatory Budgets in Europe: Efficiency and Growing Local Democracy.” Amsterdam: TNI briefing series 2004/5, 3-23.

Brusis, M. – Ochmann, C. (1996): “Mittel- und Osteuropa auf dem Weg in die Europäische Union.” In: Weinenfeld, W. (ed.). Mittel- und Osteuropa auf dem Weg in die Europäische

Union. Bericht zum Stand der Integrationsfähigkeit. Gütersloh: Verlag Bertelsmann Stiftung, 9-27.

Coleman, S. – Gøtze, J. (2005): *Bowling Together: Online Public Engagement in Policy Deliberation*. London: Hansard Society.

Crook, R. – Manor, J. (2000): *Democratic Decentralization*. Operations Evaluation Department Working Paper. Washington: World Bank.

Davey, K. (2012): *Local Government in Critical Times: Policies for Crisis, Recovery and a Sustainable Future*. Strasbourg: Council of Europe.

De Sousa Santos, B. (1998): "Participatory Budgeting in Porto Alegre: Toward a Redistributive Democracy." *Politics and Society* 26(4), 461-510.

Ebdon, C. – Franklin, A. L. (2006): "Citizen Participation in Budgeting Theory." *Public Administration Review* 66(3), 437-447.

Elsenhans, H. – Kulke, R. – Roschmann, C. (2005): "Globalization and Administrative Reforms in Germany: The New System of Management as an Application of New Public Management Theory and the Crisis of the Welfare State." In: Jain, R. B. (ed.). *Globalization and Good Governance: Pressures for Constructive Reforms*. New Delhi: Deep & Deep Publications, 61-102.

Fung, A. (2006): "Varieties of Participation in Complex Governance." *Public Administration Review* 66(1), 66-75.

Fung, A. – Wright, E. O. (2001): "Deepening Democracy: Innovations in Empowered Participatory Governance." *Politics and Society* 29(1), 5-41.

Ganuza, E. – Frances, F. (2011): "The Deliberative Turn in Participation: The Problem of Inclusion and Deliberative Opportunities in Participatory Budgeting" *European Political Science Review* 4(2), 283-302.

Geissel, B. (2009): "How to Improve the Quality of Democracy. Experience with Participatory Innovations at the Local Level in Germany". *German Politics and Society* 93(27), 51-71.

Goldfrank, B. (2007): "Lessons from Latin American Experience in Participatory Budgeting." In: Anwar Shah (ed.). *Participatory Budgeting*. Washington: World Bank, 91-121.

Krenjova, J. – Raudla, R. (2013): "Participatory Budgeting at the Local Level: Challenges and Opportunities for New Democracies." *Halduskultuur – Administrative Culture* 14(1), 18-46.

Manor, J. (1999): *The Political Economy of Democratic Decentralization*. Washington: World Bank.

Rodgers, D. (2010): "Contingent Democratisation? The Rise and Fall of Participatory Budgeting in Buenos Aires." *Journal of Latin American Studies* 47(1), 1-27.

- Rodgers, D. (2007): "Subverting the Spaces of Invitation? Local Politics and Participatory Budgeting in Post-Crisis Buenos Aires." In: COELHO, V. S. P. (ed.). *Spaces for Change: The Politics of Participation in New Democratic Arenas*. London: Zed, 180-200.
- Sedmíhradská, L. (2011): "Local Government Finance in the First Year of the Economic Crisis." In: Sedmíhradská, L. – Bobcheva, N. – Lados, M. (eds.). *Local Government Finance in Time of Crisis: An Early Assessment*. Bratislava: NISPAcee, 9-22.
- Selee, A. D. – Tulchin, J. S. (2004): "Decentralization and Democratic Governance: Lessons and Challenges." In: Oxhorn, P. – Selee, A. D. – Tulchin, J. S. (eds.). *Decentralization, Democratic Governance, and Civil Society in Comparative Perspective: Africa, Asia, and Latin America*. Washington: Woodrow Wilson Center Press, 295-319.
- Shah, A. (1994): *The Reform of Intergovernmental Fiscal Relations in Developing and Emerging Market Economies*. Washington: World Bank.
- Souza, C. (2001): "Participatory budgeting in Brazilian cities: limits and possibilities in building democratic institutions." *Environment & Urbanization* 13(1), 159-184.
- Šević, Ž. (2006): "Prologue: Building the Capacity (to Govern Financially)." In: Šević, Ž. (ed.). *Local Government Financial Capacity Building in Transition Countries. Selected Country Studies*. Bratislava: NISPAcee, 5-9.
- Wampler, B. (2007): "A Guide to Participatory Budgeting." In: Anwar Shah (ed.). *Participatory Budgeting*. Washington: The World Bank, 1-55.
- Willmore, L. (2005): "Civil Society Organizations, Participation and Budgeting." In: *Citizen Participation and Pro-poor Budgeting*. New York: United Nations.
- Walzer, N. ET AL. (1991): "Choosing Fiscal Austerity Strategies." In: Mouritzen, P. E. (ed.). *Managing Cities in Austerity: Urban Fiscal Stress in Ten Western Countries*. London : Sage.
- Wollmann, H. (1980): "Local Government Strategies to Cope with Fiscal Pressure." In: Levine, C. H. – Rubin, I. (eds.). *Fiscal Stress and Public Policy*. Beverly Hills: Sage, 231-248.

Annex 1

Souza, C.: Participatory budgeting in Brazilian cities: limits and possibilities in building democratic institutions

<http://www.ucl.ac.uk/dpu->

[projects/drivers_urb_change/urb_governance/pdf_part_budg/IIED_Souza_Budgeting_Brazil.pdf](http://www.ucl.ac.uk/dpu-projects/drivers_urb_change/urb_governance/pdf_part_budg/IIED_Souza_Budgeting_Brazil.pdf)

Annex 2

Wampler, B.: A guide to participatory budgeting

http://www.partizipation.at/fileadmin/media_data/Downloads/themen/A_guide_to_PB.pdf

Case study 1: Participatory Budgeting in Slovakia: Experience from Bratislava and Ružomberok

Daniel Klimovský

Roots of the issue

Participatory budgeting is called by some authors either “pro-poor budgeting” or “inclusive budgeting”. The point is that its design allows the engagement/participation of those who are for some reason, excluded from common policymaking, e.g. youths, inhabitants with no national citizenship or members of both segregated and low-income communities. For academicians, participatory budgeting is a tool for further civic education, which leads not only to higher awareness of public issues and related policymaking but also to higher self-confidence of those who are usually at the edge of society (e.g. members of various marginalised or vulnerable communities) and who traditionally do not run for any political office (e.g. Ebdon, Franklin, 2006, Rodgers, 2010, Souza, 2001).

Generally, there are a few stages of any participatory budgeting, namely: 1) identification of the priorities of the relevant communities; 2) development of specific projects/programmes (with/without expert help); 3) voting, or other selection, of those project/programmes which will be supported, and 4) implementation of selected projects/programmes (Wampler, 2007).

Although participatory budgeting was developed and invented in Porto Alegre, later it travelled not only across Latin America, but was also transferred to other parts of the world, especially North America, Europe and Asia. Implementation of the Porto Alegre model in most central and eastern European countries could be, according to Krejnova and Raudla (2013), especially challenging, because this model implies politically active citizenry and politicians willing to cede significant decision-making powers. In light of the relative weakness of civil society, proximity participation and consultation on public finances could be more feasible models to start with, experimenting with performance budgeting in the region (especially since these models also involve local officials, making it less “threatening” to the elected officials and administration). However, one could also argue that because of the observed weakness of civil society in the central eastern European region, performance budgeting could be viewed as a clear and specific instrument for developing civil society. Budgetary decisions would constitute clear and specific focal points for discussion and hence offer clearly delineated opportunities for civil society organisations to voice their opinions at the local level. Also, performance budgeting could become the vehicle through which LG leaders practise participatory mechanisms. Similarly, for the citizen, performance budgeting venues may be useful “citizenship schools” for

practising more active voice and choice on local level issues, as has been the case in Latin America (e.g. Wampler 2000; Willmore 2005).

Despite the fact that participatory budgeting in the European context has its roots in the original Porto Alegre model, several different sub-models of performance budgeting have been developed (Table 1).

Table 1: Most common models of participatory budgeting in Europe

	Porto Alegre adapted for Europe	Proximity participation	Consultation on public finance	Community participatory budgeting	Multi-stakeholder participation
Decision-making body	Council composed of citizens' elected delegates	local administration	local administration	a committee composed of representatives of LG, NGOs, state organisations	a committee composed of representatives of LG, NGOs, state organisations, private sector
Participation	Participants' selection methods				
	Self-selection;	Self-selection;	Random selection;	Targeted selection;	Targeted selection;
	Scope of participation				
	single active citizens	single active citizens	"ordinary" citizens	organised citizens	organised citizens together with private enterprise
	Participation mechanisms				
	Open meetings at neighbourhood level, delegates at town level	Open meetings at neighbourhood and town level	Open meetings or citizens' forums at town level	Different kinds of meetings at neighbourhood level, delegates at town level	Closed meetings at town level
Deliberation	Focus of discussion				
	public investments	micro-local public investments or broad guidelines of town policy	overall budget or offer of services	concrete community projects	concrete projects financed by public/private partnerships
	Modes of communication				
	Develop preferences	Listen as spectators, express preferences	Listen as spectators, express preferences	Express, develop preferences	Express, develop preferences
	Formality of the process				
	Projects ranked according to criteria of distributive justice, formalised rules	No ranking of investments or actions, informal rules	No ranking of services, possible ranking of priorities, rather informal rules	Projects ranked, formal rules	Projects ranked, formal rules
Empowerment	Decision-making power	Consultation	Consultation	Co-governing partnership	Co-governing partnership
Control and monitoring	Council composed of citizens' elected delegates	local administration	local administration	local administration + donors	local administration + donors

Source: Krejnova and Raudla 2013.

The case of Bratislava

Bratislava is located in the south-western region of Slovakia, just 50 km (air distance) from the Capital of Austria, Vienna. Its population exceeds 400,000 and, as the Capital of the Slovak Republic, it is the main political, administrative, economic and cultural centre of the country.

The initiator of the implementation of performance budgeting in Bratislava was the civic association, Utopia. This association began to negotiate with the city government of the Capital several years ago, and pretty soon it was openly supported by its mayor. Consequently, in cooperation with selected departments of the city government it elaborated a proposal for the implementation of this innovative measure, after which performance budgeting was implemented. Although the practice was rather puzzling, the measure was used during the pre-election campaign as a strong promotional point of the mayor in 2014. However, the mayor was not re-elected, and a new mayor took up office. In spite of the fact that he was considered to be an open person and pro-public oriented politician, he was supported by several city councillors and city public servants and came with the idea to terminate the use of participatory budgeting. Whilst their opponents tried to defend the further use of participatory budgeting, the voice of those supporters for its termination prevailed and participatory budgeting was terminated in Bratislava.

Concerning the practical experience, a pilot project was implemented in the Capital in 2011. Five areas were identified as the areas in which applicants can present their projects/project ideas, namely: green city, culture, transport in the city, seniors, and youth. For the next year, i.e. 2012, the city council approved €30,000 for the purpose of participatory budgeting. This lump sum was far from the mayor's promise who declared he'd dedicate 1% of the overall budget to participatory budgeting. In fact, it was less than 0.015%, and the main organisers were disappointed. Since the organisers used an insufficient lump sum as the main reason for low public interest, the city increased the lump sum for the next two years (€46.000 for each year). On the one hand, this could be seen as a positive step, but on the other, it was still only approximately 0.020% of the overall budget. Although the city government tried to promote this innovative measure, the promotion did not bring sufficient results. Annually it attracted only 260 active citizens on average (i.e. those who came with their own proposals and/or who voted for a proposal). This fact was later used as the main reason why it was senseless to continue the use of performance budgeting in the Capital.

The case of Ružomberok

Ružomberok belongs to a group of larger towns in Slovakia with a population below 30,000. From a political and administrative point of view, it is a district centre which can also be described as a centre of a small region from an economic perspective.

The introduction of performance budgeting in Ružomberok was similar to its introduction in Bratislava. However, there are a few different and important points that one can identify while comparing both cases. First, the introduction in the Ružomberok case came to light one year later. Second, the first year (2012) was used to increase citizens' awareness and the local government made efforts to inform citizens. Third, not only citizens, but also local enterprises and their entrepreneurs (i.e. local business leaders) were involved in the process.

In 2013, the overall budget for participatory budget was only €5,000 (ca 0.03% of the overall local budget) in Ružomberok. Although it seems an insufficient lump sum, some activities were based on a high level of citizens' engagement and volunteering. Moreover, a multi-source approach was used and local entrepreneurs provided additional resources (most of them as so called “in-kind” contributions). For the next year, the local government decided to triple the lump sum for participatory budgeting (i.e. €15,000 – approximately 0.08% of the overall local budget), and this decision attracted a higher number of citizens' attention. More precisely, while approximately 340 citizens were active in 2013 (they came with own proposals and/or voted for the proposals put forward), there were approximately 460 active citizens in 2014. To conclude, the local government still supports participatory budgeting and it is expected that this innovative measure will be used in the town in the next years too.

Lessons to be learned

Two cases are presented here. The Bratislava case shows how a lack of political will, accompanied by a general disinterest from citizens led to the early termination introduction of the innovative measure. On the contrary, the Ružomberok case offers an example of multi-stakeholder collaboration in the introduction of the innovative measure. Regardless of the initial small lump sum which was dedicated to performance budgeting, the initiators of this measure were able to attract the relevant interest from both citizens and local entrepreneurs, and it also convinced the local government to deal with this issue in a more serious way and also to increase the lump sum for performance budgeting.

In addition, political influence seems to have also been an important factor. The new mayor in Bratislava had different priorities as well as a different understanding of the performance budget and from a political point of view he was not a supporter of performance budgeting in the

Capital. This experience may lead us to the conclusion that any innovative measure which might be introduced into the local government system strongly depends on political support too.

References

- Allegretti, G., Herzberg, C. (2004): *Participatory Budgets in Europe: Efficiency and Growing Local Democracy*. Amsterdam: TNI briefing series 2004/5, 3-23.
- De Sousa Santos, B. (1998): *Participatory Budgeting in Porto Alegre: Toward a Redistributive Democracy*. *Politics and Society*, 26(4): 461-510.
- Ebdon, C., Franklin, A. L. (2006): *Citizen Participation in Budgeting Theory*. *Public Administration Review*, 66(3): 437-447.
- Fung, A., Wright, E. O. (2001): *Deepening Democracy: Innovations in Empowered Participatory Governance*. *Politics and Society*, 29(1): 5-41.
- Ganuzza, E., Frances, F. (2011): *The Deliberative Turn in Participation: The Problem of Inclusion and Deliberative Opportunities in Participatory Budgeting*. *European Political Science Review*, 4(2): 283-302.
- Krenjova, J., Raudla, R. (2013): *Participatory Budgeting at the Local Level: Challenges and Opportunities for New Democracies*. *Halduskultuur – Administrative Culture*, 14(1): 18-46.
- Rodgers, D. (2010): *Contingent Democratisation? The Rise and Fall of Participatory Budgeting in Buenos Aires*. *Journal of Latin American Studies*, 47(1): 1-27.
- Souza, C. (2001): *Participatory budgeting in Brazilian cities: limits and possibilities in building democratic institutions*. *Environment & Urbanization*, 13(1): 159-184.
- Willmore, L. (2005): *Civil Society Organizations, Participation and Budgeting*. In: *Citizen Participation and Pro-poor Budgeting*. New York: United Nations.
- Wampler, B. (2007): *A Guide to Participatory Budgeting*. In: Anwar Shah (ed.): *Participatory Budgeting*. Washington: The World Bank, 1-55.

Case Study 2: Participatory Budgeting in Lodz (Poland) and Chernihiv (Ukraine)

Nataliia Grynchuk

Introduction

Firstly, we should define «participatory budgeting». This relatively new term in the development lexicon dates from an experiment that began in Porto Alegre in 1989, and in the internet age, there is perhaps no better way to capture its most widely accepted meaning than to quote the Wikipedia entry:

« Participatory budgeting is a process of democratic deliberation and decision-making, in which ordinary residents decide how to allocate part of a municipal or public budget. Participatory budgeting allows citizens to identify, discuss, and prioritise public spending projects. [It] is usually characterised by several basic design features: identification of spending priorities by community members, election of budget delegates to represent different communities, facilitation and technical assistance by public employees, local and higher level assemblies to deliberate and vote on spending priorities, and the implementation of local direct-impact community projects ».

Application of theory in practice

Various studies have suggested that participatory budgeting results in more equitable public spending, a higher quality of life, increased satisfaction of basic needs, greater government transparency and accountability, increased levels of public participation (especially by marginalised or poorer residents), and democratic and citizenship learning [5].

Goals of case studies

These two cases essentially cover the spectrum of what is possible in participatory budgeting.

Poland: participatory budgeting in Lodz

The idea to introduce participatory budgeting in Lodz originated from local NGOs. Foundations were laid by the initiative of one of the NGOs from Lodz which, back in 2011, organised a campaign “Residents of Lodz have a voice”. The inhabitants of five residential areas could propose, describe and select an investment project to be implemented in their local community with the funds of the so-called local councils, auxiliary units of the city self-government. The positive effect of the initiative won the recognition of city authorities who decided to implement participatory budgeting in Lodz on a wider scale. One year later, on 16th May 2012, the City Council unanimously adopted the resolution to introduce participatory budgeting in Lodz [7].

As one of the key objectives of the introduction of participatory budgeting in Lodz self-government was to engage with residents, a decision was taken to simplify the submission of projects as much as possible. A simple application questionnaire was developed and people were informed that to be initially approved, a project had to be signed by only 15 supporters. In addition, as opposed to classic elections, the right to vote was given to those who declared living in a particular location rather than their formal domicile in Lodz. This increased participation in the PB.

Projects were selected in a residents' direct vote, without any intermediary organisations which would vote on their behalf. The objective was to legitimise Participatory Budgeting and increase the involvement of residents. To promote knowledge about the budget a decision was made to hold a promotion, information and education campaign organised and conducted by an NGO selected in a competitive procedure.

Participatory budgeting included two stages. The first was delivered from April till June 2013 and was designed to prepare the residents of Lodz to submit proposals for the PB. There were 36 meetings with local communities and 4 study talks. At the same time, a special advisory centre was launched for drafting applications and a website dedicated to the PB.

The second stage of PB implementation prepared people to vote. It was realised by NGOs and the Lodz City Office. The promotion and information campaign included 6 meetings with local residents, information placed in public space on 70 city light boxes, posters in public utility buildings and a free-of-charge newspaper about participatory budgeting, published in 30,000 copies or, finally, enabling voting over the Internet. In addition, one of the key activities of the City Hall was a door-to-door initiative that involved representatives of city authorities and administration. Volunteers visited local communities and presented proposals submitted to the PB from the local neighbourhood. Other activities of the City Hall included: conferences for the media, Mayor's meetings with administration, TV and radio ads promoting participatory budgeting, leaflets, posters and information booklets. There was also a mobile voting unit in a bus [7].

In the Lodz participatory budget in 2014, local residents could allocate PLN 20 million. The amount was increased with an additional PLN 10 million by the end of the year. That was the biggest share of participatory budget in the overall structure of self-government outlays in Poland and one of the highest amounts per capita.

However, we should stress that the success of the budget should not be measured by size only, disregarding the engagement of the local community, the major goal of the instrument.

Against this background it is worth pointing out that all residents above 16 years of age were entitled to vote. It is also important that those without a permanent residence permit could

participate in the vote. For example, students who temporarily live in Lodz could also decide how the city looks and operates. The decision-making powers were given to a wider group, which also contributes to the empowerment of younger groups of residents.

The first participatory budgeting in Lodz resulted in 908 proposals and 759 of them received positive recommendations. The remaining proposals were either inconsistent with the rules of the budget or were withdrawn by the authors. Most proposals with positive recommendation - 168 - dealt with general city projects. The majority of the district-specific projects came from the districts of Baluty and Gorna – 132 - followed by Polesie and Widzew - 120 each - and the fewest originated from the central district of Srodmiescie - 87.

The population linked to the projects proposed in Lodz represented 0.13% of the total population, the best result in 2013 [8]. In other cities which used participatory budgeting the share was on average half that.

Submitted proposals can be broken down by groups of beneficiaries. A large portion of the proposed projects was addressed to large target groups, e.g., repairs of pavements, roadways or construction of sports grounds. The second group included projects targeting a narrow group of beneficiaries. Most of them considered support to schools and the projects consisted of modernising gyms and school playgrounds but also various educational initiatives, such as classes “What do you know about Lodz” or developing multimedia skills of senior residents at a Day Care Centre.

Social consultations in participatory budgeting involved in total 806 people. The average number of attendants of one consultation meeting was 17. Participatory budgeting meetings represented almost 80% of all social consultations conducted in Lodz in 2013.

The services of a dedicated advisory centre, which helped draft applications, were used directly by 121 people; 164 received advice on the phone and 202 sent their questions by email. Advisory services were also offered during 6 field visits.

To facilitate local residents’ access to information, a website was launched on participatory budgeting. According to its statistics, from 1st May until 1st October 2013, the website recorded in total 437, 888 visits with the average time spent on it per person of 4 mins 29 secs.

During the promotion campaign of Participatory Budgeting and when projects were submitted, concerns were raised that the process may be dominated by ideas from limited, but well organised groups of beneficiaries, e.g. schools, which can easily collect signatures from parents. These concerns were not confirmed by the results of voting where the majority of winning projects were those addressed to large target groups.

One of them was a free-of-charge urban Wi-Fi network (cost PLN 0.5 million, 12,127 votes), regeneration of two parks and installing lights in another one. The next example of

a community-wide, nevertheless controversial, project is the city bike (PLN 3,117, 500.00, 8,819 votes). The idea coincided with the plans of local authorities, which for many years had been reluctant to introduce a city bike scheme. Although very popular, the project was widely criticised as too little funds were allocated to it which, in the opinion of the cycling community, would undermine its functionality.

The above mentioned projects were large, costly and the most vocal. However, we should stress that the majority of participatory budgeting concerned small projects which, though supported by a smaller population of supporters, were approved because their implementation costs were low. The example of a curb that slows down the traffic in one of the streets is a good illustration of this. Only 32 votes (top number of votes in the district was 3,737) sufficed to meet the required limit of PLN 3 million for the area in question.

Some residents complained that Participatory Budgeting included projects which were meant to be delivered by the City without the involvement of the local community. One example was the transformation of the street of 6 Sierpnia which intersects the pedestrian Piotrkowska Street (the main street in the city) into the so-called woonerf, i.e. the area where traffic is calm, cyclist- and pedestrian-friendly. City authorities planned to intensify car traffic in this street but subordinated their plans to the outcome of the vote in participatory budgeting, where the project was included. A major failure of the first edition was a lack of coordination for similar projects, e.g. two ideas to intensify the night timetables of public buses. Currently they run every hour on weekdays. One of the projects suggested they should run regularly every half hour from 22:30 till 04:30 all week long.

The second project proposed they should run regularly every half hour but only until 01:00 in the morning. Lack of coordination “watered the votes down” and projects were not approved. In the last hours of voting the servers hosting the website on which residents could vote for projects became overloaded. PB originators did not expect so many people to vote in the last two hours and assumed that time for Internet voting overlapped with office working hours, i.e. until 16.00. Despite such problems, participatory budgeting was approved by residents as an alternative form of decision-making about the city. It increased interest in urban policy and rather quickly a decision was taken to continue the idea in years to come.

In 2015, 84 projects (including 72 – intra-regional) were presented, in which 135,000 people voted. 30% voted in print and 70% electronic. The main themes of the submitted projects were sport, vacation & travelling or school.

Today, perhaps with the greatest scope amongst Polish cities, this process was achieved in Lodz. In particular, in confirmation of these words, we can cite the following facts: "In 2013 the needs of the public budget were allocated 20 mln. zloty (PLN), in 2014, this figure increased to 40

million. zloty (PLN), and in 2018 – the city government gave a promise to increase relevant allocations of the city budget to 100 mln. zloty (PLN)".

Ukraine: Chernihiv

Ukraine must be grateful to Poland for the implementation of the participatory budgeting tool. The initiator of the introduction of the public budget in Chernihiv and several cities in Ukraine in 2015 was the Polish-Ukrainian Cooperation Foundation (PAUCI). In April 2015 in Chernihiv, PAUCI conducted a series of seminars and organised in-service training in Poland for officials of the Chernihiv City Council and community social activists involving experts from Warsaw and Lodz. In Chernihiv the working group was established and in August 2015 the Chernihiv City Council adopted the Regulation “On public (participatory budget) of the city of Chernihiv”.

The decision of the City Council assumed the allocation of 4.8 million hryvnia for the financing of participatory budget projects, representing 1% of the city budget. For Chernihiv this was a huge amount as in the past, on public initiatives, no more than half a million hryvnia was allocated.

Chernihiv became one of the first cities of regional importance (population of 300 thousand of people), to introduce the participatory budget. The ease with which the then city authorities implemented social initiatives had some political background. The process took place the day before local elections in 2015. The initiative was supported by then Mayor, Alexander Sokolov. It was used in the election campaign by the mayor and the party "Our Land (Nash Krai)". In particular, observers of the civic network "Support" emphasised this fact. Nonetheless, the participatory budget in Chernihiv began to work.

The basic principles of provisions of the participatory budget in Chernihiv include:

- The total public budget (participatory budget) in Chernihiv in the next fiscal year is up 1 per cent of the approved amount of personal and fixed incomes.
- Participation in the project is open to citizens of Ukraine who are registered and live in the city of Chernihiv.
- Allocation of the participatory budget is 50:50 between current and capital (strategic) expenditures.
- For the submission of proposals and projects, the appropriate forms must be completed and a list of signatures of at least 15 residents added. The voting forms are available from the ballot or “print-yourself” at the City Council.

In 2015, prior to the vote within the participatory budget 56 projects, including 32, related to capital expenditures and 24, current. The winners, through Chernihiv citizens’ voting, defined 17 projects, 13 in terms of operating costs and 4 in terms of capital costs. Among the interesting

winners' projects are the following: the setting-up of a social taxi service in Chernihiv for people with disabilities and the establishment of an information and cultural centre "Faynbuk" in a distant region of the city that provides the basics of computer literacy, language and information services (e-government) to citizens. A project which involved creating a series of murals in the city also won.

Unfortunately, not all good proposals won. The project to create a modern skate park did win, although its initiators carried out the best information campaign. If we analyse the list of winners, which took most money from the budget, we can see that it is the communal institutions of the city. Thus from the 4.8 million which were allocated to the participatory budget, half of the amount was spent on capital repairs in four municipal institutions. Most Chernihiv citizens voted for these projects. This is not surprising, because the administrative resource was involved fully. Hospitals and schools were able to mobilise their employees as well as customers' facilities. However, the spending of funds allocated for the participatory budget is questionable. Issues in communal institutions of the city remain and will continue to remain for a long time and they need to be decided from other budget items which are used for the maintenance of educational and medical institutions. It is the idea of a "social budget" - to fund citizens' innovative ideas that add "flavour" to create more comfortable living conditions for townspeople [4].

The problem in the use of participatory budget is considered to be community activists and representatives of the City Council. Therefore, in the new edition of the Regulations "On the participatory budget," which was approved in 2016, tried to defuse the occurrence of such situations. Thus, it is expected that the implementation of proposals and projects through the public budget may relate only to objects belonging to the communal property of the city, and is generally available to all residents. At present, such financing cannot apply, for example, to canteens in hospitals.

In 2016, certain innovative options in "participatory budgeting" were introduced, in particular, far greater youth involvement in the process, i.e. the age of 18 was lowered to 16 years to submit proposals and vote. Also, the application deadline and the duration of the voting process were increased and electronic voting was provided.

In addition to this problem in implementing participatory budgets there are other problems.

As analysts, residents often cannot imagine the cost of the work, so inadequate project budgets are composed. This causes them to be rejected by the authority and leads to the disappointment of activists.

The issue is the reliability of the vote - if the votes are valid, if fictional people have registered as voters, if voting forms are completed manually, or if they bring a pile of voting papers from

home or business. In addition, the problem is the representativeness of the sample – as the middle class are the most active voters. So how do we support projects which are in the interest of all members of the community? This is also a challenge.

Another problem is the low awareness of this tool. So in promoting participatory budgeting we must spend money, time, be creative and involve the media.

At the end of 2016 in Chernihiv its second public vote was held within the public budget and citizens were given the choice of 61 projects. Overall, around 10,000 Chernihiv citizens voted. On a positive note, most of the planned funds would again be spent on budget institutions. As part of current expenditures – a victory went to school №33, which will be repaired; money will be spent on landscape design around the local hospital; on repairing the building's surrounding area; classrooms in schools, and playgrounds made. This would be financed from the municipal or central government, not from the participatory budget.

Despite the fact that changes were made to the Regulation on Public Budget, which provides that voting is only allowed on projects that have universal access to all citizens, but municipal institutions with projects involving the replacement of windows or the repair of school facades were also admitted into the competition. The main reason for the passing of these projects is that most members of the working group on the implementation of public budgets were representatives of the communal sphere, who did not miss a single meeting and advocated the projects they needed [4].

Amongst the winners, in terms of current expenditure in 2016, there were interesting projects, such as the European Information points in urban libraries, sterilisation of homeless animals, the establishment of a day care centre for children with disabilities, the continuation of the social taxi service, social support and rehabilitation of visually handicapped people, and the Programme "Chernihiv – a city of legendary colourful bridges" etc.

The total amount, planned for the implementation of the public budget in 2018 is 9.6 million hryvnia, which is twice as large as in 2015.

Results

New innovations for the draft Regulation are:

- the concept of "capital expenditures" and "current expenditures" are replaced by the concept of "major projects" and "small projects", in order to facilitate the project for authors of budgeting (cost estimate) proposals;

- setting the maximum limit for the amount of money: for small projects - up to 300 thousand UAH (all inclusive), for large projects - ranging in size from 300 thousand UAH to 1500 thousand UAH (all inclusive);



- setting allocations of 75% of the total planned amount to 25% between large and small projects;
- providing an opportunity for funds that were not used as part of major projects to be added to the amount of funds allocated for the implementation of small project proposals;
- excluding the possibility of an independent printout of the ballot from the website of the City council.

Questions

1. Can you identify the main issues of the implementation of the participatory budget?
2. Please offer solutions to the various problems and come up with scenarios for the situation's development.
3. Please conduct a collective peer review of the adoption and implementation of the management decision on the introduction of the participatory budget.
4. Can you propose indicators for the effective tracking of the decisions and control measures on its implementation?

Conclusions

One of the main advantages of participatory budgeting is enhanced residents' activity in territorial units. Participatory budgeting improves people's knowledge of how such units operate. Undoubtedly, participatory budgeting increases the transparency of public finances as projects and investment plans are presented at open meetings and citizens gain more control over public resources. It also helps to better allocate public resources and improve communications between city authorities, residents and NGOs. They have begun to collaborate at each stage of the participatory budget implementation. There are also unfavourable developments involved in participatory budgeting which may prevent it from being successful. One of these is the situation where participatory budgeting includes the tasks of the territorial unit, which should be delivered as priorities by public authorities using traditional local budget resources [7]. Moreover, when reviewing proposed projects, some of them may be rejected for subjective or ideological reasons. Some proposed projects are insufficient in their scope, which may be the reason why they later fail. Participatory budgeting is put at risk when it is used to deliver tasks which the authorities are reluctant to carry out (e.g. Participatory Budgeting as an Instrument of Civil Society Development. Łódź Example reducing traffic in a given street) and which strictly depends on a vote. In summary, we should conclude that proper implementation may involve larger groups of residents in the life of the city, in particular those who previously were not engaged in social consultations. Participatory budget may turn into a powerful instrument which helps meet

residents' needs and has a positive leverage on the assessment of local authorities.

References

- Громадський бюджет - версія 1.0 для України [Електронний ресурс] – Режим доступу до ресурсу: http://www.pauci.org/one_news.php?id=82
- Гринчук Н. М., Багінський М. С. Партиципативний бюджет – новий інструмент залучення громадян до вирішення місцевих справ / Н. М. Гринчук, М. С. Багінський // Державна служба та публічна політика: проблеми і перспективи розвитку : матеріали щоріч. Всеукр. наук.-практ. конф. за міжнар. участю, Київ, 27 трав. 2016 р. / за заг. ред. А. П. Савкова, В. П. Трощинського, М. М. Білинської, С. В. Загороднюка. – Київ : НАДУ, 2016. – С. 249-252.
- Партиципаторне бюджетування: інноваційний демократичний інструмент участі громадян [Електронний ресурс] – Режим доступу до ресурсу: http://www.pauci.org/one_news.php?id=46.
- Пущенко П. Громадський бюджет в Чернігові - перші кроки і перший досвід // Співпраця заради локальних змін: успішні практики з Польщі і України. - Видавці: Фонд «Освіта для демократії», Громадська організація «Наше Поділля». – Варшава, 2017. – 148 с.
- Blair H. Participatory Budgeting and Local Governance. - <http://icld.se/static/files/forskningspublikationer/icld-workingpaper-10-tryck-low.pdf>
- Kębłowski W. (2013), Budżet Partycypacyjny. Krótka instrukcja obsługi, Instytut Obywatelski, Warsaw.
- Place-based Approach to Regional Policy Polish, Slovakian and Ukrainian Youth Perspective. Selection of Proceedings. - <https://www.noexperiencenecessarybook.com/MQqZm/place-based-approach-to-regional-policy-katedra-gospodarki.html>
- UMŁ (2013), Raport z konsultacji dotyczących budżetu obywatelskiego na 2014 rok, Lodz City Office, Lodz.

Case Study 3: The Way to Avoid Hard Knocks from the very Beginning

Nataliia Grynchuk

Introduction

A civil society basis is formed by citizens who are aware of their rights and duties, who act in favour of the common good, and are able to take personal responsibility for their own lives and the life of society at all levels. Without them, democracy is nothing but a formal procedure, and although the state and its authorities have become more and more complicated, they still remain powerless and keep their distance from citizens. Scientists dealing with civil society theory issues consider that to participate actively in social and political life, citizens should possess an appropriate level of freedom, knowledge of social phenomenon and the procedures of democratic systems. In addition, they should be able to make reasonable decisions and provide a relevant impact. It is obvious that the procedure of Participatory Budgeting can provide this.

Participatory Budgeting is an instrument of direct democracy, by means of which citizens decide how to spend the public budget. A rapid process of the Participatory Budgeting formation in Ukrainian cities began 2 years ago. It has different definitions: Budget Participation, Participatory Budgeting and Public Budget.

Application of theory in practice

However, participatory budgeting is not an easy instrument to use. Taking into account the international experience mentioned below, of Poland in particular, (Wampler, 2007, Krenjova, Raudla, 2013, Martela, 2005, Markowska-Bzducha, 2013), one can see the main obstacles for the successful implementation of Participatory Budgeting. First of all, there is the necessity to provide wide participation of local community in such a manner that none of the social groups is left out and there is no domination of one or more groups in any public discussion. Actually, Participatory Budgeting is an instrument which gives the possibility to exclude groups, such as low income residences, to participate in public discussions on the budget (Ganuza, Frances, 2011). Wide involvement of the community requires the participation of local politicians, representatives of local self-government authorities and representatives of the local community. Different levels of knowledge and the assessment of local self-government financial opportunities require negotiation skills experience and goodwill from both sides. The next obstacle is that politicians are afraid to lose their influence on budget formation, and their decision-making monopoly concerning budgeting.

Goals of case studies

Many local politicians, despite their duty to communicate constantly with the local community, do not want to involve members of the community in the discussions, except when it concerns an election campaign. One should begin the preparation of the Participatory Budgeting many months before the typical procedure of budget formation in order to prepare the public information on time, be ready to conduct meetings with the community and include in the local self-government budget, the chosen projects. The realisation of these projects, as well as Participatory Budgeting benefits, is the local community expectation to overcome a potentially inadequate system of local self-government. Not achieving these expectations may result in unwanted consequences, such as misunderstanding, disappointment and a lack of trust by citizens in government.

Case description

Ivano-Frankivsk city is situated in the south-west of Ukraine 150-300 km from the borders of Poland, Romania, Hungary, and Slovakia. The territory is 83.73 sq. km. Population is 252,100. In accordance with the decision of the City Council № 52-4, March 11 2016, the aim of the implementation of the Ivano-Frankivsk Participatory Budgeting is the development of a democratic society and civil education, an improvement in communication between the government and the community, foundation and support of a trustworthy civil domain, solution of social issues, and motivating citizens' to become involved in Participatory Budgeting.

Five steps are singled out in the participatory budgeting of Ivano-Frankivsk:

1. Information and promotional campaign.
2. Submission of the projects by the citizens.
3. Project assessment by experts of the executive committee.
4. Voting of citizens for the projects and calculation of results.
5. Implementation of projects by the executive committee and evaluation of the process.

Introduction of the Ivano-Frankivsk Participatory Budgeting was initiated and implemented by local authorities. There was no open involvement of community members, activists, local initiatives and NGOs into the implementation of the Participatory Budgeting process: model development, regulatory framework formulation, administration, and the assessment of submitted projects.

There are Coordinating Councils in Poland and in many Ukrainian cities such as Cherkasy, Poltava, L'viv, Zhytomyr and others. These Councils involve an equal number of members of

self-government officials and social activists. The competences of these councils are: the development of the Participatory Budgeting procedure and regulatory framework development; technical selection and validation of the results of the project audit and the general coordination of the process.

The Ivano-Frankivsk information campaign 2016 was limited to the official website of the executive committee and Mayor's Facebook page, information for publication that was sent to local Mass media, story items on TV and information in the city council publication "Western Courier". So, only traditional communication channels were used by means of the official pages and mass media. Thus, it limited the possibility to overcome citizens' distrust and despair towards the authorities and their motivation to spend their time, energy and skills on public affairs. Both authors of the projects and ordinary citizens complained about the lack of public awareness concerning Participatory Budgeting.

In accordance with the Ivano-Frankivsk Participatory Budgeting Regulation and the corresponding purpose-oriented programme (the main regulation documents in this domain), the organisation of public discussion performance on defining city development priorities together with defining the subjects for projects are now obligatory at the beginning of a new calendar year. However, neither discussions nor PR actions or any other public measures in the frame of Participatory Budgeting were held in 2016. The training and support of the authors of the projects was not planned at all.

According to worldwide experience in democratic countries one should hold public discussions on city development issues and city budget priorities in general, hold public discussions of city draft budgets and amendments to them, and report on their implementation. It is also necessary to hold public discussions in the frame of Participatory Budgeting. The subjects for such discussions should be technology, rules and size of the Participatory Budgeting, priority areas for projects and actual projects. Voting is one of the ways for communities to participate. Despite its advantages, it has significant disadvantages. In Brazil, the motherland of Participatory Budgeting, public discussions are held but not online voting.

According to the Regulation, the group of experts from the Ivano-Frankivsk city council executive bodies which is organised by decisions of the council, implements the audit (assessment) of the projects. The Regulation limits any changes in the project without the authors' agreement, although significant changes were made without this in 2016 - in the title and cost (value) of the projects. The authors of the projects complained of misunderstandings and communication problems with the executive committee representatives who implement the management of Participatory Budgeting.

As to those who can become authors of projects and those who can vote for projects, this is available to citizens of Ukraine who have reached the age of eighteen and who are capable persons and registered in Ivano-Frankivsk. They can submit projects and vote for them.

There are no particular activities organised for engagement into the Participatory Budgeting process of the traditionally excluded groups of citizens. First of all, the Participatory Budgeting of 2016 was used by representatives of the Ivano-Frankivsk political elite as a means to lobby their interests.

One of the main goals for the organisers of the Participatory Budgeting outside Ukraine is to engage in the budget process, new, discriminated groups that did not have access to the budgets and did not have the opportunity to lobby their interests because of certain obstacles. It is necessary to take measures to overcome these obstacles and to engage socially vulnerable groups and minority women and young people, children and older people, people with low incomes and the unemployed. This will make it possible to reduce inequality and social tension. For example, in some of the Ukrainian cities, the age of residents eligible to vote was reduced to 16 years of age, and in others the right to vote was given to people displaced inside Ukraine (this is especially important because a great number of people had to leave their homes and move due to Russian aggression in the East of Ukraine and the occupation of the Crimea).

The Regulation provides voting for projects on the Participatory Budgeting website or independently by online voting, or at the polling stations where one can obtain information about the projects and vote for one of them. But there was no polling station in Ivano-Frankivsk in 2016. During the online voting, the identification of a voter was too complicated. As a result, 2089 people took part in the voting i.e. 0.83 % of all citizens, which is less than the planned indicator (1%).

Results

The Ivano-Frankivsk Participatory Budgeting programme provided the voting process for 2016-2019 and the implementation of the chosen projects in 2017-2020. 500,000 UAH, allocated for the participatory budgeting 2016, is listed under the Article “Information Campaign”. In addition, 10,000 UAH were planned to purchase voting software by the programme in 2016 but no money was planned for the Article “Projects-Winners Implementation”. So the programme did not plan project implementation in 2016 but instead planned the organisation of the information campaign, development of online voting and the organisation of the chosen projects’ implementation in 2017. However, in practice, voting for projects and their selection, together with the beginning of their implementation, was held in 2016.

Organising the project choice, evaluation and selection and their implementation in the same year severely limits the possibility of qualitative organisation and the implementation of the Participatory Budgeting. That is why many cities organise project selection a year before the year of their implementation.

Since Participatory Budgeting is an instrument for improvement of communication between self-government authority and community, it is inevitable that both sides should trust each other. Fulfilment of obligations properly is fundamental for trust. It means that no violation is accepted concerning taking decisions. It is necessary to fulfil the items of the regulation and program even if they have drawbacks and should be improved, detailed and besides one should consider experience of 2016.

Questions

1. Do you have a similar situation in your city/town/settlement?
2. What are the negative consequences of this situation that might occur? (especially in this particular case) How can these be overcome?
3. In what way is it possible to engage the community into the administrative and assessment process of the Participatory Budgeting?
4. What steps would you advise to improve the information campaign, discussions and public actions?
5. In what way can the engagement of excluded groups be provided?
6. What are the possible ways to improve the Participatory Budgeting procedure in a particular situation?
7. How the mutual trust of both sides in this process be improved? What impact can we have on the formation of a democratic public society?

Conclusions

The case study of Ivavo-Frankivsk demonstrates that a new instrument of citizens' engagement in the city development and a new financial source of public projects is an absolutely positive phenomenon. Although Ivano-Frankivsk does not use the entire Participatory Budgeting potential due to a lack of information, the difficulties of the voting system, and the difficulties with the implementation and lack of community engagement at all levels in the Participatory Budgeting.

References

- Empowerment Case Studies: Participatory Budgeting in Brazil,
www.siteresources.worldbank.org/intempowerment/Resources/14657_Particip-Budg-Brazil-web.pdf.
- Ganuza, E., Frances, F. (2011): The Deliberative Turn in Participation: The Problem of Inclusion and Deliberative Opportunities in Participatory Budgeting. *European Political Science Review*, 4(2): 283-302.
- Gorski, R. (2007). *Bez panstwa. Demokracja uczestniczaca w dzialaniu*. Krakow: Korporacja Halart. 236 s.
- Kebrowski, W. (2013). *Budzet partycypacyjny. Krotka instrukcja obslugi* -
www.institutobywatelski.pl.
- Krenjova, J., Raudla, R. (2013): Participatory Budgeting at the Local Level: Challenges and Opportunities for New Democracies. *Halduskultuur – Administrative Culture*, 14(1): 18-46.
- Markowska-Bzducha Ewa. *Participatory budgeting as a stimulant for the development of civil society* - http://www.ef.umb.sk/dsr_2013/pdf/Markowska-Bzducha.pdf
- Martela B. (2005) *Budzet partycypacyjny w Polsce – wdrozenie i perspektywy*. The Local Officials' Guide to Program Based Municipal Budget Management Municipal Budget Reform Project, RTI International. - 56 p.
- Participatory budget of Ivano-Frankivsk 2016: Challenges and Recommendations*. -
<http://mistosite.org.ua/en/articles/byudzhet-uchast%D1%96-%D1%96vano-frank%D1%96vska-2016-problemy-ta-rekomendacz%D1%96yi>
- Wampler, B. (2007): *A Guide to Participatory Budgeting*. In: Anwar Shah (ed.): *Participatory Budgeting*. Washington: The World Bank, 1-55.