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Participatory budget in metropolies as instrument of direct democracy in public management: experience of Poland and Ukraine¹

Abstract

Objectives: In the article a comparative research of the participatory budgeting systems at the local level in Poland and Ukraine was carried out.

Research Design & Methods: The objects of the study were ten cities of the specified states (five from each country). In the case studies, systemic analysis of legislations of Poland and Ukraine in public finance sphere connected with participatory budgeting were used as well as quantitative analyses of budget resources directed at supporting participatory budget. Using this approach gave us the opportunity for complex research of participatory budgeting mechanism in both countries.

Findings: As a result of the research, the peculiarities (differences) of the practice of using participatory budgets as tools of direct democracy at the Ukrainian and Polish cities' level were specified. On this basis, the authors outlined obstacles for the efficient use of participatory budgets based on the experience of the two countries, formulated guidelines and standards in compliance with which it would be possible to implement quality participatory budgeting into practices of the cities' public administration.

Implications / Recommendations: This article indicates the need to conduct analyzes of participatory budgets to draw conclusions and effectively use this tool in the future.

Contribution / Value Added: This research builds knowledge about participatory budgeting by analysing the use of this instrument of direct democracy in two different countries (Poland and Ukraine), which are at different level of EU integration an may help effectively plan and implement participatory budgeting in different national contexts.

Article classification: research article

Keywords: participatory budget, public management, civil society, local authorities, city development policy

JEL classification: H830, R510, H610.

¹ The publication was prepared under the project „Economic analysis of the marginalization of ownership in economy”, No. 056 / WGAP-KAP / 01/2018 / S / 8056, co-financed from the grant of the Ministry of Science and Higher Education for the Faculty of Economy and Public Administration of Cracow University of Economics.

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Introduction. Participatory budgeting as a new stage of development of public administration

The development of democracy leads to changes in the system of public administration. The processes of transformation are either evolutionary at the national level, often in the form of reforms, or they have faster pace and go through a revolutionary way. However, these processes are often based on the changes at the local level – the level of metropolises, which are centres of potential concentration and engines of development of regions and countries.

With the development of European civilization based on ‘the power of the people’, the democratic values, which are embodied in the new approaches to public administration such as, for example, public governance, are moving further and further eastward beyond the modern European borders and the best practices of the EU countries are implemented first of all in countries seeking to become part of the European community.

Democracies are developing not only through their representative form at the national level in the parliaments, Sejms etc. The most visible development is obtained in the democracy’s primary form, at the local level – level of communities through the development of direct democracy instruments such as participatory budgeting (PB).

Today, given the diverse practice of using PB in different cities, it is difficult to talk about the effectiveness of using this instrument. This, first of all, is because of the different understanding of the PB by local self-governments and different approaches to its implementation (the organization of this process), which has both its positive and negative points.

On one hand, diversity helps to test simultaneously different approaches in different cities, and thus creates the preconditions for gaining a unique experience of public administration. On the other hand, this approach leads to difficulties in using this instrument in cities where it has not been used before (complexity of the choice of an

adequate form of organization) and fragmented implementation of only some of elements of such instrument, which leads to a decrease in its effectiveness and, as a consequence, resignation after some time from its using. It is also difficult to make comparisons and evaluations due to significant differences in the organization of the PB implementation processes.

Despite current local contexts and specific cultural conditions of PB, it is possible to indicate certain features that can and should be unified here because of the fact that PB constitutes an element of a legal system that unifies operations, and secondly in Poland and Ukraine we have, apart from differences, common problems related to the functioning and development of PB, so some of the conclusions, challenges and recommendations may also be subject to standardization.

A solution to these problems may be the formation of a unified approach to organizing the PB process, based on a wide range of examples of the use of this tool in different cities, regardless of the country of origin. This will enable forming a universal vision of the PB process, which can be used by city authorities as a framework for implementation of this mechanism. The following analysis was conducted for selected cities in Poland and Ukraine. Due to the limited comparative possibilities within the research material, it was decided to compare data for 2016, so we also analyze PB according to the legal status applicable in 2016.

Literature review and the issues concerning research

PB is a topic well recognized in Polish, Ukrainian and world literature. Many scientists use the example of Porto Alegre and identify principles of PB implementation, that in general could be described as (1) direct citizen participation in government decision-making processes and oversight; (2) deterring corruption through administrative and fiscal transparency; (3) improvements in urban infrastructure and services, especially

aiding the indigent; and (4) a renewed political culture in which citizens would serve as democratic agents (Gilman, 2016). These principles are still “the basis” of implementation of participatory budgeting into practice in many countries all over the world (Dias, 2019).

Principles are necessary as ‘road signs’ for a general understanding of PB, but for effective use of this instrument, it is important to correctly understand the essence of PB and choose the best way of its implementation based on good practices and local peculiarities.

In this context good definition was given by A. Shah (2007), who pointed, that participatory budgeting is a tool for educating, engaging, and empowering citizens and strengthening demand for good governance. In this way he created scientific basis for the understanding of participatory budgeting.

The authors of this paper also agree with the opinions and findings made through the research which are described in following sentences: “in Europe, participatory budgeting relies on multiple procedures, and it is therefore necessary to give a clear methodological definition of it so that cases can be coherently compared and ideal types constructed to understand the variety of concrete experiments” (Subtiner. Gertberg. Röcke, 2008).

At the same time, the results of the comparison of PB implementation in different countries of Europe, which were made by number of scientists (Džinić, Svidroňová, Markowska-Bzducha, 2016) are interesting. For example, in Poland, it is worth mentioning B. Sorycha-Wojczyk (2015), A. Sobol (2017), or A. Olech (2012). In Ukraine, interesting research was conducted by a scientist of the Institute for Budget and Socio-Economic Research (2019) who described Ukrainian experience of PB implementation.

At the same time, the results of the researches show a lot of differences in approaches to PB implementation, which on the one hand gives us many variants to choose, but on the other hand creates a too difficult picture for understating how to organise the process for effective achieving aims of a city development.

For practical implementation of PB, it is really important to make a complex comparison of the practice of using this tool of direct democracy in order to formulate some effective unified approach. In particular, the analysis of the legal framework on which the PB is based in a particular country would be useful as well as concrete examples of its use at the level of cities that are at different stages of democratic institutions’ development.

PB has both strengthened the dominants in the political field and changed the game played there. It has been characterized by accountability practices favouring the election of councillors with distinctive capitals, who were ‘dominated-dominants dominating the dominated’ (Cabannes, Lipietz, 2017).

Participatory budget has been a major innovation in participatory governance worldwide, with more than 3,000 items listed across 40 countries (Bartocci, Grossi, Mauro, 2018). Today, participatory budgeting mechanism are common in many cities in Poland and are gaining popularity in Ukraine, as evidenced by the rapid growth in the number of cities that use this tool of direct democracy.

Based on the above, interesting for us will be a research vision of participatory budgeting of local self-government of cities in Poland and Ukraine. The public administration vision of participatory budgeting, depends on the efficiency of using of this tool by citizens, local government and business representatives. At the same time, the presence of a significant difference in understanding of different management tools by practices and theorists of public administration will constitute an obstacle for the improvement of the participatory budgeting and will reduces the quality of social dialogue between citizens, scientists, businessmen on the one hand and local governments on the other.

Material and methods. The legal basis for participatory budgeting

In Poland participatory budgeting is one of the financial tools stipulated by Polish law. Among others, the following examples of instruments should

be mentioned here: local initiatives, small grants, regranting, loans, financial guarantees. Participatory budget is a tool not only for the third-sector units, but NGO's are focusing most actively on local societies. Participatory budgeting in Poland is treated as a typical tool for local or even micro-local communities, however, for example małopolskie voivodeship self-government authorities have decided to make the first participatory budgeting at regional level in 2016.

Talking about legal framework for participatory budgeting in Poland, we should mention several legal acts: the Act on Municipal Self-Government (1990); the Village Administration Fund (*Fundusz Sołecki*) Act (2014) and the Public Finance Act (2009); envisaging participatory budgeting to become part of the public life of self-government communities. In the above legal acts, there are several rules that allow to create the tools for social participation. Participatory budget mechanisms could be based on the municipality's auxiliary units or on the municipalities themselves.

The main legal basis for participatory budgeting in Poland comes from the Act on Public Benefit Activity and Volunteering of 2003. According to this act, participatory budgeting is one out of eight financial tools permitted to be used by Polish self-governments in order to achieve the following goals: to raise the trust to public administration, to make the local policy more efficient, to share the power and to make the society more responsible for their decisions, to teach the people that we all are living in the conditions with unlimited needs and limited resources, to stimulate the society's activity and creativity. Among other financial and non-financial tools, participatory budgeting constitutes a proper tool for each kind of social circles.

Modern Ukrainian realities of normative regulation of participatory budgeting are based on number of documents. For example, Ukrainian Constitution contains some statements that are a reflection of ancient history, a foundation of democracy and a reflection of European social values. In particular, Article 5 states that 'the bearer

Table 1. Genesis of participatory budget in normative acts of local councils of examined Polish cities

City	Interpretation of participatory budget essence
Warsaw	The city Mayor has appointed the participatory budget council for the period 2017–2020 as well as the councils for the Warsaw districts. The main goal is to support the process of participatory budget implementation. Earlier, the city Mayor has agreed with the City Council about the total amount of funds dedicated to participatory budget for year 2017.
Cracow	The city Mayor has appointed the participatory budget council – more numerous and with different goals than the council in Warsaw. The most important goal of Cracow participatory budget council is to promote participatory budget in Cracow and to evaluate the program. It is worth to notice (the same situation exists in each examined Polish city) that one step before appointing the participatory budget council it was needed to agree with the City Council on the sum of funds for the participatory budget in year 2017.
Lodz	The city Mayor has created participatory budget for two years (2017/2018) with the similar organizational basis as above: temporary commission for social participation and participatory budget.
Wroclaw	There is the Office for social participation dedicated to sharing knowledge connected with the participatory budget. Thanks to the Office's team a dozen of open meetings with inhabitants were held. Civic laboratories for ex-ante consultations.
Gdansk	The most interacting forum among the examined cities. Most of the activities were conducted through the website. A material part of total sum was spent on participatory budget promotion and information for inhabitants. The most important decisions were made by the City Mayor and the City Council. In addition, there is a consultation council whose main goal is to help to create the proposals.

Source: own study based on information provided by PB websites of each city.

of sovereignty and the single source of power in Ukraine are the people. The people exercise power directly and through state bodies and local governments...'.²

Meanwhile, as the practice of using this instrument of direct democracy shows, relations during processes of planning, projection and implementation of participatory budget are not directly regulated by any Ukrainian legal acts. But, some prerequisites are contained in the main normative act for local government in Ukraine – the Law of Ukraine ‘About Local Government’.

Thus, in accordance with Article 3 of the Law ‘Citizens of Ukraine exercise their right to participate in local government as members of local communities...’. Article 9 states that ‘... members of territorial communities have the right to initiate proceedings in the Council (as the local initiative) with regard to any problem which lies within the jurisdiction of local government...’.³ As we can see, these parts of the current Ukrainian legislation do not contain direct norms for participatory budgeting but they create prerequisites for the use of this instrument of direct democracy in Ukraine.

At the same time, participatory budgets in Ukraine have been adopted on the basis of local regulations (decisions of local councils). The article explores the practice of legal regulation of participatory budgeting based on the example of such Ukrainian cities as Kyiv (Київ), Lviv (Львів), Rivne (Рівне), Khmelnytskyi (Хмельницький) and Chernivtsi (Чернівці). These cities have been chosen because they are regional centres and in view of the availability and completeness of the information on the process of participatory budgeting.

² Ukraine. (n.d.). *Konstytutsiia Ukrainy [Constitution of Ukraine]*. Zakon Ukrainy vid 28.06.1996 № 254k/96-VR, <http://zakon0.rada.gov.ua/laws/show/254%D0%BA/96-%D0%B2%D1%80> (accessed on 17 July 2018).

³ Ukraine. (n.d.). *Pro mistseve samovriadvannia v Ukraini [On Local Self-Government in Ukraine]*. Zakon Ukrainy vid 21.05.1997 № 280/97-VR. <http://zakon2.rada.gov.ua/laws/show/280/97-%D0%B2%D1%80> (accessed on 17 July 2018).

Since the adoption of the program 3–5 years ago, the commitment of local authorities to use this tool of direct democracy may be observed which indicates a desire to establish cooperation with citizens and to attract them to the budget process at the local level in a medium term perspective.

Perhaps the reason of the different approach to regulatory support of participatory budgeting lies in different understanding of the essence of this instrument of public administration. Interpretation of the participatory budget contained in relevant decisions of municipal councils of selected cities are shown in Table 2.

Thus, public administration of Kyiv interpreted ‘participatory budget’ as an interaction with the public within borders set by the city council. This interpretation actually reflects not participator budget, but participatory budgeting. Lviv City Council briefly defines the essence of the participatory budget as a method of city expenditure planning (or some part of city expenditure). Rivne City Council explains ‘participatory budget’ as part of the city budget, which funds winning projects. In Khmelnytskyi, we have a similar position to the Kyiv but here the budgetary participation is limited and include citizens’ involvement at the stages of projects’ submission, voting for the projects, without extending the role of citizens to the implementation phase. In Chernivtsi, participatory budget constitutes a local budget program for the introduction of innovative mechanisms for citizens’ participation.

So, we can see from the analysis, that the governments of selected cities in Ukraine haven’t unified their point of view on the essence of the participatory budget, which leads in practice to mixing concepts of participatory budget and participatory budgeting and, consequently, limits the involvement of citizens in the budget process at the local level in Ukraine compared to the European practice.

At the same time, it is important to point to the differences in legal regulations of PB in examined countries. In Poland, definition of PB is given in the law at the national level, which

shows the same perspective of understanding for all local self-governments. In Ukraine, there is an opposite situation. National law doesn't regulate directly PB and the use of this tool – it is

a completely local initiative, that leads to different understanding of its essence and differentiation of its implementation approaches.

Table 2. Genesis of participatory budget in normative acts of local councils of examined Ukrainian cities

City	Interpretation of participatory budget essence
Kyiv	Public budget of Kyiv – the process of interaction between Kyiv City Council and executive body of the Kyiv City Council (Kyiv City State Administration) with the public, aimed at attracting authors and other residents to participate in the budget process through submission of projects, voting for such projects, monitoring their implementation within parameters of public budget.
Lviv	Public budget or participatory budget – method of determining the expenditure of city budget through direct vote of inhabitants of the city.
Rivne	Public budget of Rivne is a part of Rivne city budget, from which are financed activities, works and services determined by members of the territorial community under the projects which won the competition.
Khmelnyskyi	Participatory budget – the process of interaction between Khmelnytskyi city council and its executive body with the public, aimed at attracting citizens to participate in the budget process by making decisions on the allocation of certain part of the municipal budget through submitting relevant initiatives of development projects, which were designed for solving primary problems of the city and its inhabitants by way of making open public voting on such projects.
Chernivtsi	Budget initiatives of Chernivtsi citizens (participatory budget) – local budget program based on local initiative – the form of direct expression of citizens' will which implements innovative mechanisms of involving the public into dividing the city budget and is aimed at creating democratic process of discussing by the territorial community specific directions of budget expenditure.

Source: own study based on [4, 5, 6, 7, 8].

⁴ Ukraine. (n.d.). *Pro zatverdzhennia Polozhennia pro hromadskyyi biudzhzet mista Kyieva [On Approval of the Provision on the Public Budget of the City of Kyiv]*. Rishennia Kyivskoi miskoi rady № 787/1791 vid 22 hrudnia 2016 r. http://kmr.ligazakon.ua/SITE2/1_docki2.nsf/alldocWWW/193ED46244972EACC22580A0003C8525?OpenDocument (accessed on 17 July 2018).

⁵ Ukraine. (n.d.). *Pro zatverdzhennia Polozhennia pro hromadskyyi biudzhzet m. Lvova [On Approval of the Provision on the Public Budget of Lviv City]*. Ukhvala Lvivskoi miskoi rady № 632 vid 30.06.2016 r. [https://www8.city-adm.lviv.ua/inteam/uhvaly.nsf/\(SearchForWeb\)/285507E835D2453CC2257FE80051F2D7?OpenDocument](https://www8.city-adm.lviv.ua/inteam/uhvaly.nsf/(SearchForWeb)/285507E835D2453CC2257FE80051F2D7?OpenDocument) (accessed on 17 July 2018).

⁶ Ukraine. (n.d.). *Pro zatverdzhennia Polozhennia pro hromadskyyi biudzhzet u misti Rivnomu ta Miskoi tsilovoi prohramy "Hromadskyyi biudzhzet u misti Rivnomu na 2016 – 2020 roky" [On Approval of the Regulations on the Public Budget of the city of Rivne and the Urban Target Program "Public Budget in the city of Rivne for 2016–2020"]*. Rishennia Rivnenskoj miskoi rady № 1456 vid 18.08.2016 r. http://www.city-adm.rv.ua/RivnePortal/GetFile.ashx?type=rada&file=rish_15347.doc (accessed on 17 July 2018).

⁷ Ukraine. (n.d.). *Pro zatverdzhennia Prohramy biudzhetu vuvannia za uchasti hromadskosti (biudzhzet uchasti) mista Khmelnytskoho na 2017–2019 roky [On Approval of the Public Participation Budget Program (Participation Budget) of Khmelnytsky City for 2017–2019]*. Rishennia Khmelnytskoi miskoi rady №3 vid 21.09.2016 r. http://search.ligazakon.ua/1_doc2.nsf/link1/XM160287.html (accessed on 17 July 2018).

⁸ Ukraine. (n.d.). *Pro zatverdzhennia Polozhennia pro Biudzhzet initsiatyv chernivchan (biudzhzet uchasti) [On Approval of the Provision on the Budget of Chernivtsi Citizens' Initiatives (Participation Budget)]*. Rishennia Chernivetskoj miskoi rady № 190 vid 12.05.2016 r., <http://chernivtsy.eu/portal/f/mr/ses2016006-190.doc> (accessed on 17 July 2018).

Results and discussion. The research of practice of participatory budgeting of regional centres of Poland and Ukraine

Practical implementation of participatory budgeting in Ukraine was caused by the realization of international projects, usually involving organizations from EU countries, where participatory budget as an instrument of public administration have been used for a long time.

The basis for the use of participatory budgeting in practice constitutes the accumulation of certain amount of financial resources for the implementation of projects offered by citizens. As the practice of participatory budgeting in Ukraine indicates, usually the main and single source of financing are the budgets of local authorities that implement this tool of direct democracy.

Thus, after analysing the legal acts of municipal councils selected for the study of Ukrainian cities (Table 3), we cannot see in its budgeting practice any unified and clearly defined quotas of participatory budgets. The amount of financing is described as a specific part of a city budget (Lviv, Chernivtsi) or defined as a lump sum (Rivne) or annually set by the City authorities (Kyiv, Khmelnytskyi).

In our opinion, the most successful variant of the budget rule is to establish a minimum amount of participatory budget as a quota of expenditure in a city budget, which will give a guarantee to the public of financing the participatory budget on a defined scale (example of such a rule may be met in Lviv) and, in turn, such kind of regulatory norm will not limit participatory budgeting by establishing the upper limit of funding (as, for example, was made in Rivne and Chernivtsi). At the same time, the lack of regulation of this issue creates opportunity for refusing further use of participatory budgets by local government without any explanation.

The main difference between the cities comes from the fact that there is no one specified method of voting mentioned in the legal acts. Different methods mean that one of them is more useful and

trustworthy than others. For example, the biggest cities in Poland allow voting through internet or personally by presence in the City Hall. A person that would like to vote has only to give the individual identity number. Some of the cities in Poland allow voting on behalf of another person. This is an advantage, especially for old or disabled, if they are not able to use the computer for voting. The solution is risky at the same time, because it means that it is possible to use somebody's individual identity number without his permission (especially when virtual voting tools are used). And one should note the fact that bad organisation of voting could result in dropping level of trust and social activity.

The next important stage of participatory budgeting is the expertise of projects. At this stage, an expert body is formed (advisory council, committee, coordination committee, secretariat, etc.) by the city council for the evaluation of projects. Experts check projects taking into account formal requirements, realism of calculations, accordance to law and so on. Based on the results of our analysis of Ukrainian experience in participatory budgeting, we may note that in selected cities, the number of the expert body members is different and ranges from 7 persons in Rivne to undefined number without quantitative restrictions in Chernivtsi. Qualitative composition is formed of the representatives of public associations, local councillors and servants of the executive body of the city council. At the same time, in Lviv the expertise of the projects is carried out in accordance with local legislation by the Council Secretariat with the assistance of the department of the executive body of the City Council and a special committee has not been created.

The voting stage is also characterized by the methodological diversity among the analysed cities. Thus, in Kiev, a person may vote for no more than 5 projects. The right to vote is granted to the citizens of Ukraine, foreigners and stateless persons who have registered permanent residence in the territory of Ukraine, work, study in the city of Kyiv and at the time of voting are not under

Table 3. The volume of participatory budgets of the examined Ukrainian and Polish cities

No.	City	The amount of participatory budget specified in the documents of City Council	Sum in 2016 year in UAH (PLN)* thousands
1	Kyiv	Not specified	50,000.0 (7,764.0)
2	Lviv	Not less than 1% of the total approved budget expenditure of the special fund the city budget of Lviv for the year in which the proposals were submitted	16,000.0 (2,484.5)
3	Rivne	Fixed amount – the volume of participatory budgets for big and small projects of 5 million each	10,000.0 (1,552.8)
4	Khmelnyskyi	The amount of participatory budget is determined annually by Khmelnytskyi city council during approving the city budget for a relevant year	1,000,0 (155.3)
5	Chernivtsi	Up to 1% of revenues of the general fund of the city budget excluding intergovernmental transfers	7,000,0 (1087.0)
6	Warsaw**	Fixed amount set by the City Council. Budget is divided into two parts: for city projects and district projects. The total amount allocated for the implementation of the participatory budget in the district is determined by the District Board within the limits set by the President of Warsaw, taking into account the district's financial capacity.	51,215.6
7	Cracow	Fixed amount set by the City Council. The sum proposed in Long-term financial forecast for Krakow. The previous (2015) participatory budget's share was also took into consideration.	11,000
8	Lodz	Fixed amount set by the City Council. PLN 40 million were allocated, of which PLN 30 million (PLN 6 million per district) for local tasks and PLN 10 million for the city's tasks. The maximum amount for one city-wide project may not exceed PLN 2.5 million and for the local project – PLN 1.5 million.	40,000
9	Wroclaw	Fixed amount set by the City Council. PLN 21 million for district projects. When equal division between the 14 districts, it means the amount of PLN 1,5 million for each district. PLN 4 million for city-wide projects. The cost of one project may not exceed PLN 2 million. The total amount of funds allocated for the implementation of the projects will be divided into three quota thresholds: for small projects with a value not exceeding PLN 150 thousand, for medium projects worth between PLN 150 and 500 thousand and for large projects worth more than PLN 500 thousand.	25,000
10	Gdansk	Fixed amount set by the City Council. PLN 8.8 million is the amount allocated to district projects implemented in 34 districts and PLN 2.2 million is the amount allocated to city-wide projects.	11,000

* This and further indicators in PLN calculated for Ukrainian cities by the authors based on National Bank of Ukraine official rate of PLN to UAH (1 PLN 1 = 6,44 UAH) as of 31.12.2016.

** Polish cities budgets are presented in PLN thousands.

Source: own study.

16 years of age. In Lviv, not only the residents may vote, but also people who were born or possess real estate or are studying or working in Lviv, and every one can vote for two projects (one big and one small). In Rivne, only the citizens of Ukraine aged over 16 may vote, working, studying or carrying out business in the city. Voting

is allowed for six projects (3 big and 3 small). In Khmelnytskyi – a person may vote for no more than 5 projects. Participation in voting is allowed for the citizens of Ukraine – city residents. In Chernivtsi, selection of the best projects is carried out by voting of citizens registered and living in the city who are at least 16, based on

the Ukrainian passport. Every citizen can vote for no more than for 2 projects – one big and one small.

The last stage of participatory budgeting is the implementation of the victorious projects carried out by the managers of budget expenditure in accordance with the law. As our research shows, participation of projects' authors and citizens of Ukrainian cities at this stage is limited. In Kyiv, the authors of the projects can monitor their implementation. Probably, a way of such control is the mandatory interaction between executors of projects and their authors during implementation process. In particular, the executor of the project, after developing project documentation, sends it to the author of the project (or an authorized person) for approval. Also, in line with the current legislation in force, the author (at his/her request) may be involved in project implementation e.g. for author control or technical supervision.

In Rivne the authors can obtain information about the progress of the project implementation and compare documents with results of project realization. But, these norms are general and do not contain specific procedures for the authors' participation in project implementation. In Chernivtsi, the author can obtain information about the progress of the project, carry out public control of the works and achievement of the expected results. But, the mechanism of such control is also not specified. It is important to note that the official documents of local councils of Khmelnytskyi and Lviv do not include norms, based on which authors and citizens can take part in implementation process of the projects. Execution of the projects is carried out by official bodies due the budgetary legislation in Ukraine.

In Poland, in the examined cases, it is allowed to submit participatory budget projects at the age of 16. In some cases, it is not necessary to be the permanent resident of a city, but there is also a higher risk of attempted forgeries. That's why cities who decided to include non-permanent residents of the city, often decide to use more strict procedures regarding identification of the voters. Elongated procedures may discourage people from

submitting projects and voting. This is the most likely reason of low attendance (small number of participants in 2017 edition in Cracow – around 25 thousands).

A number of quantitative indicators of the participatory budgeting in Ukrainian cities are shown in Table 4. The first interesting feature is that in practice some Ukrainian cities are setting the maximum amount of participatory budget based on the quality of the project making decisions on increasing funding for the projects (Lviv + 9.56%, Chernivtsi + 43.5%) and other cities formed a project portfolio based on the declared amounts.

The share of expenditure for financing the successful projects in the framework of participatory budgeting does not exceed 0.2% of the total budget expenditure of the cities. The lowest share was in Khmelnytskyi (0.0024%) and the highest in Ukraine's capital – 0.1235% and the average amount for the analysed cities is 0.044%. In our opinion, this indicator is low and may be acceptable only at the early stage of participatory budgeting implementation in the budget process of the cities. But over time, in order to ensure real impact of citizens on the development of the cities, it is necessary to review and correct it in line with the European practice.

An interesting result of our analysis are indicators which determine the participatory budget per capita. We have found out that the largest amount of money within a participatory budget which can be managed citizens' votes was fixed in Rivne, where it was UAH 39.63 (PLN 6,15) per capita. City with the lowest amount in this regard was Khmelnytskyi with only UAH 3.65 (PLN 0,57) per capita. The average sum among the analysed cities is UAH 24.27 (PLN 3,77). In our opinion, the obtained results can constitute the basis for establishing a reasonable method of formation of total scale of participatory budget. By it calculation, based on the per capita amount and city's population, the total amount of the participatory budget may be determined which is easier and clearer both for local authorities and the citizens, which at the same time may be helpful when calculating

Table 4. The analysis of participatory budgeting in cities of Ukraine and Poland

No.	City	Total expenses of the city, in 2017 (UAH/ PLN th.)	The planned amount of expenses on participator-y budget (UAH/ PLN th.)	The total budget for the projects (UAH/ PLN th.)	The level of the plan execution in participatory budget, %	Part participatory budget in total expenses of the city, %	The city's population on 1.01.17, in thousands people	Part of participatory budget per capita, (UAH/ PLN th.)
1	Kyiv	40,469,442.3 / 6,284,074.9	50,000.0 / 7,764.0	49,996.0 / 7,763.4	99.99	0.1235	2,906.6	17.20 / 2.67
2	Lviv	5,392,529.4 / 8,370,349.3	16,000.0 / 2,484.5	17,530.0 / 2,722.1	109.56	0.0433	758.5	23.11 / 3.59
3	Rivne	2,149,522.5 / 333,776.8	10,000.0 / 1,552.8	9,805.5 / 1,522.6	98.06	0.0242	247.4	39.63 / 6.15
4	Khmelnytskyi	2,358,508.6 / 366,228.0	1,000.0 / 155.3	979.4 / 152.1	97.94	0.0024	268.5	3.65 / 0.57
5	Chernivisi	2,166,731.0 / 336,448.9	7,000.0 / 1,087.0	10,045.4 / 1,559.8	143.51	0.0248	266.0	37.76 / 5.86
6	Warsaw	14,867,224,652	50,000,000	51,215,551	102.4	0.34	1,726.5	29.66
7	Cracow	3,730,006,051	11,000,000	10,818,564	98.35	0.43	765.3	14.14
8	Lodz	3,539,738,656	40,000,000	4,000,000	100.0	1.13	709,757	56.36
9	Wroclaw	3,953,577,738	25,000,000	24,575	98.0	0.62	632,432	39.0
10	Gdansk	2,681,000,000	11,000,000	10,961,525	99.65	0.41	461,494	23.75

Source: own study.

Table 5. Number of projects and activity of citizens of Polish and Ukrainian cities during voting for the participatory projects in 2016

City	Number of submitted projects	Number of accepted projects	The number of persons who voted	% of persons who voted in the whole population
Kyiv	497	62	50,813	1.75%
Lviv	259	67	21,215	2.80%
Rivne	45	31	2,151	0.87%
Khmelnyskyi	80	12	3,256	1.21%
Chernivtsi	58	31	7,717	2.90%
Warsaw	2333	644	172,395	9.98%
Cracowe	611	92	39,850	5.21%
Lodz	NDA	87	134,950	19.01%
Wroclaw	NDA	66	104,884	16.58%
Gdansk	180	65	37,965	8.23%

Source: own study.

participatory budgets for Ukrainian cities that have not used this tool of administration yet.

In the course of the analysis of organizing and implementing PB processes in the Polish and Ukrainian cities, common problems may be noticed: a relatively small number of those entitled to vote and use the possibility of taking an active part in the participatory budget (based on the reports summarizing PB results in individual cities conducted by city councils or independent entities (Table 5).

The activity of citizens during the vote in the analysed Ukrainian cities is on average 1.91%. This indicates that there is low interest of citizens in the participatory budgeting in the short history of PB use in Ukraine. The most active were the inhabitants of Chernivtsi, where 2.9% of the population voted. Such results of citizens' participation demonstrate that it is necessary to take measures aimed at popularization of participatory budgeting among the urban population. The average indicator for the analyzed Polish cities was 11,8%. It is a better indicator than in Ukraine, but also shows a low level of citizens' interest in PB.

In addition, a lot of information is not made public, which does not increase interest in PB.

The rules and criteria for projects' selection, especially in city's districts, are also unclear. PB promotion tools and channels are mostly undefined. Lack of success here is also due to the fact that in promoting PB, there is a limited level of involvement of local community leaders, councillors, etc. and the information about PB does not reach the 'unconvinced' residents of the city. This is connected with another problem – under-representation of specific social groups among voters, which affects the results of voting. All these problems can be treated as a challenge related to the need to design a new solution in the field of planning and conducting PB, which the authors address in the summary of this text.

Conclusions

By comparing the two systems of public administration and the two ways of implementation of participatory budgeting, we have to underline that the main differences between Polish and Ukrainian systems comes from the fact that for successful implementation of participatory budgeting it is necessary to have a dozen of elements: high quality of social capital, high amount of funds, clear rules

of sharing the budget into smaller units (districts), clear and simple rules for submitting the project as well as for their voting. This influence on social interest and social trust to local administration. Polish metropolises have been spending more funds on promotion as well as for implementation of the projects. Despite different legal frameworks, it is worth to underline that the percentage of active society with regard to participatory budget in Poland is higher than in Ukraine, similarly as the number of submitted projects as well as summary budgets. It is a proof of higher level of social capital in Poland, but also there exist some problems like e.g. in Krakow, where the number of people engaged in voting is rather small.

There are different methods of providing this tool to the society among the cities even in the same country. The recommendations that come from dozens of evaluation reports are giving some points that allow the authors to create a theoretical participation budgeting circle. Taking into account the analyzes of the percentage of participants taking part in PB as well as financial outlays for the implementation of tasks in individual cities of Poland and Ukraine, a different picture emerges, considering the usefulness and effectiveness of this tool in building a competitive advantage.

Participatory budget is a popular tool, widely implemented, and its organizational solutions are often copied without reflection, without taking into account specific features of a city. Therefore, the authors decided to give some recommendations in the form of determining the path of PB creation, by defining the individual organizational and financial frameworks of this undertaking. To this end, several important threads should be resolved according to the city's interest:

1. Determining the amount of available financial resources for the implementation of all tasks under PB. Too little financial resources can have a negative impact on the level of trust in local administration and the quality of social capital. The upper limit should depend on the city's affluence and financial policy.
2. Determination of the impact area of the participatory budget in the city: are all projections to be implemented at the city-wide level? or is there justification for the implementation of micro-local (district) projects?
3. In the context of the above point, rules should be set for sharing funds between city-wide projects and micro-local (district) projects.
4. Setting rules for projects' submission, evaluation criteria and voting rules.
5. Defining the rules for project selection. It takes place by voting, but it is possible, for example, to introduce weights, multipliers that can draw the residents' attention to issues that are important according to the opinion of the city authorities.
6. Determining the tools of promotion and implementation of the promotion policy.
7. Defining the rules for the implementation of selected projects.
8. The most important issues to be considered in order to effectively implement the participatory budget include:
 - The choice of investments to be implemented within the budget – they should be as close as possible to the population (e.g. district);
 - The process of preparation of the participatory budget should be planned in detail and start well in advance in order not to act under time pressure;
 - The representatives of local groups should be involved in preparation of the participatory budget;
 - It is necessary to systematically monitor the representatives of local groups involved in implementation of the participatory budget. If an overrepresentation or underrepresentation of any group occurs, adjustments should be made;
 - It is necessary to involve in the substantive part of budget preparation a person with good knowledge of the financial situation of local government units who will take part in decision making;

- Councillors and civil servants should be engaged in the process of preparing the participatory budget from the very beginning, starting from preparation of the plan of work;
- The success of the project depends largely on the involvement of councillors, so it is important that they are personally involved as moderators of the neighbourhood debates or settlements;
- All decisions regarding preparation of participatory budget should be made public along with their substantiation. In particular, substantiation is necessary, if there has been a change in previous findings. Transparency of decisions is a condition for trust and cooperation within the project;
- When preparing materials for residents, it is necessary to ensure the clarity of language and avoid formulating expressions who may make it difficult to understand the problem;
- The composition of the team, which is responsible for preparation of the citizens' budget, division of tasks and contact details should be made public, so that interested parties can keep their comments/suggestions on the project at hand.
- Any disputes or discrepancies related to the establishment of investments/priorities to be implemented should be made public;
- A timetable should be prepared for decisions and measures to be taken in order to prepare a draft budget;
- From the very beginning of works on a civic budget, efforts should be made to evaluate the project in order to reach conclusions at the end and use them in subsequent editions.

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