

The importance of a participatory budget in sustainable city management

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Abstract

This article presents the participatory budget as a tool to support the sustainable development of a city, and in particular using it as the budgeting model of the city of Szczecin and the effects of using it. Based on a critical literature review, the first part of the article shows the connections between good governance and sustainable development. The meanings of the basic concepts in this respect are presented, as well as a simplified model of the construction of the sustainable development concept. Next, public participation tools were described, and participatory budgeting was defined as one of the tools applied in good governance, constituting the basis of sustainable city development. The latter part of the article describes the models of participatory budgeting based on a literature research and an analysis of selected cases. The second part of the article is of an empirical nature. The results of the literature research are juxtaposed with the management practices of the city of Szczecin, where participatory budgeting has used since 2014. In this part of the article, the qualitative single-case study method was applied to analyse and synthesise the strategic city development directions and participatory budget between 2014 and 2019. Their compliance with the concept of sustainable development was also verified. Finally, conclusions drawn from the performed research are presented.

Introduction

Sustainable development is closely related to good governance, and both are often the subject of literature studies. Some scientists claim good governance to be the main element of sustainable development (Sharma, 2001), while others believe it is a precondition to achieving sustainable development (Bosselmann, Engel & Taylor, 2008, p. 6). Good governance constitutes a significant tool in sustainable development, which is believed to be a key element in development strategies. Good governance should guarantee the participation of civil societies in decision-making processes (Kardos, 2012).

Good governance as a fundament of sustainable development strategy

The World Bank first introduced the notion of good governance and its features in the early 1990s

in its documents and subsidiary programs. It was connected to the support programs for developing countries and was related to the processes and institutions taking part in making decisions and governing a particular country (The World Bank, 1994, p. XIV). The notion of good governance can also be applied to institutions, offices, or local authorities (Ruszkowski, 2010, p. 256). Management based on the concept of good governance may refer to entities participating in various cooperatives, consortia, clusters, and other forms of cooperation (Wilkin, 2013).

Good governance initiates effective mechanisms, processes, or institutions enabling single citizens and groups express their interests, exercise their rights, resolve disputes, and perform their duties (Sheng, 2013). Good governance also means responsible and transparent ruling based on effectiveness, legality, and consensus to promote the rights of individuals and public interest. Good governance also means the political will to ensure material the well-being

of a society as well as sustainable development (Surendra, 2004, pp. 33–34).

In the concept of good governance, political moderation becomes the main role of public authorities. Good governance is also an element of open government of which one task is to provide access to public information.

The features of good governance are:

- participation in decision making. This is a key feature of good governance which might take a direct or indirect form. Participation requires ensuring access to public information. (Graham, Amos & Plumpre, 2003);
- aiming at consensus, which requires mediation between various groups of stakeholders and should be of perspective character;
- responsibility (both public administration and private sectors with citizens should act in a responsible way. Responsibility is impossible to execute without transparency and rules of law);
- openness and transparency (decision making and enforcement is performed according to accepted rules and binding laws. It also means easy access

to information communicated in a concise and understandable way);

- flexibility (adjusting to various interest groups and sufficiently quick adaptation to their needs);
- effectiveness and efficiency to enable economic growth (the best use of resources and environmental protection) (European Commission, 2001);
- justice and social exclusion prevention (Sheng, 2013);
- accordance with law (fair, unbiased legal frameworks comprising full protection of human rights);
- strategic vision, long-term planning (long-term perspectives are known to all participants of ruling processes, plus awareness of what is required to follow the development directions. Knowledge of historical, cultural, and social conditions in which the perspective is rooted) (OECD, 2010);
- coherence (management integration with various public policies – both European and country ones – and between various levels of public authorities (multilevel governance). Additionally, it refers to sector and territorial policies (European Commission, 2009).

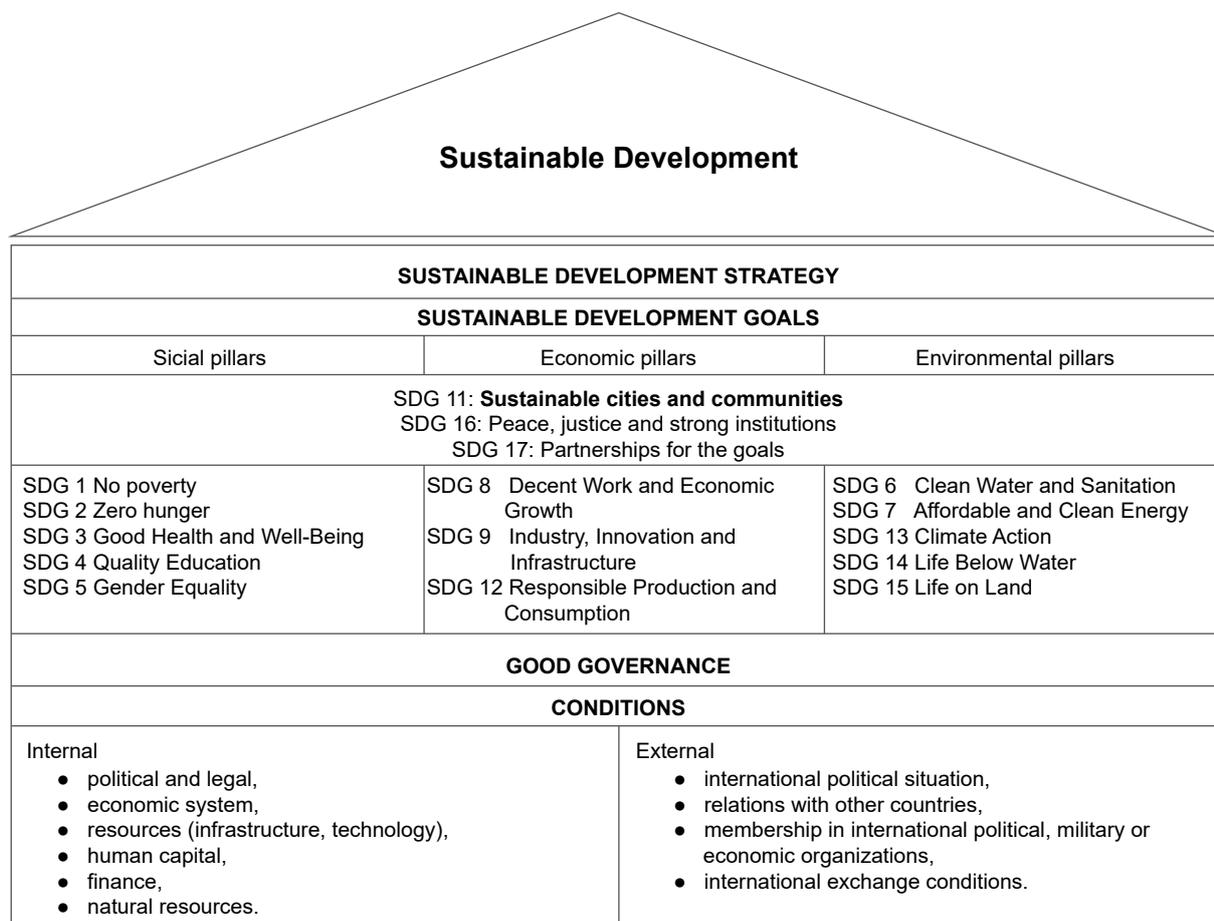


Figure 1. The basis for constructing the concept of sustainable management

General rules of good governance may also be applied to local government rule, including city management. These include (Council of Europe, 2019):

- citizen participation, fair elections, and representation;
- fast reactions;
- effectiveness and efficiency;
- openness and transparency;
- law observance;
- ethical performance;
- competence and potential;
- innovation;
- sustainable development and long-term performance goals;
- proper financial management;
- human rights, cultural diversity, and social integrity;
- responsibility.

The concept of good governance should constitute the basis for a sustainable development strategy (Stojanović, Ateljević & Stevan Stević, 2016). Both on the level of countries or local governments, ensuring a proper management system is essential for introducing actions connected with the proper planning and execution of a sustainable development strategy. Sustainable cities and societies are also underlined as one of the aims of global sustainable development (United Nations, 2015).

The attempt to define the notion of sustainable development has been undertaken by the largest international organizations as well as governments of individual countries and scientists. Sustainable management may be defined as a global economic program according to which the combined average wealth of current and future generations does not decrease over time (Dasgupta, 2007, p. 3). British government defines sustainable development as “stimulating economic growth and tackling the deficit, maximising wellbeing in society and protecting our environment, without negatively impacting on the ability of future generations to do the same” (DEFRA, 2011). Sustainable development may also include a solution to the lack of natural resources which provide energy. This is connected with destabilizing ecology and economic growth problems, and refers to future conditions of human existence (Feil & Schreiber, 2017, p. 674). According to the United Nations, there are 17 main sustainable development goals (SDG) which should be recognized in social, economic, or environmental areas (United Nations, 2015).

The basis for constructing the concept of sustainable management is presented in Figure 1.

The role of the participatory budget as an element of good governance in city sustainable development

As the basis for sustainable development, one of the basic elements of good governance is public participation. This comprises such categories of citizen participation as: public actions (e.g., protests), public involvement, electoral participation (e.g., participation in local government elections), and obligatory participation (e.g., tax payments) (Langton, 1978; Green & Haines, 2008). Public involvement refers to actions initiated and controlled by public authorities within the scope of their management and administration tasks. Introducing participatory budgets is one of these actions. A budget can be labelled as participatory by meeting the following guidelines (Sintomer, Röcke & Herzberg, 2008, p. 168; Sintomer et al., 2012):

- assignment of a particular amount to a participatory budget;
- possible participation of all citizens;
- there must be a public debate, meeting, or vote;
- notifying citizens of decisions by administration;
- a report on the result of the performed actions is required;
- it must be a long-term action, not a onetime action.

Another essential action connected with a participatory budget is informing the community about the introduction of a participatory budget and its rules, the possibility of a submitted project to be put to vote, rules of examining submitted projects, voting dates, and their results. Informing is the simplest form of participation.

A participatory budget is a key tool for the active participation of citizens to shape the development of a city and its inhabitants. It supports the creation of a responsible civic society that is not limited to formulating demands, but their expectations also confronts the possibilities of their execution (Rachwał, 2013, p. 183). A participatory budget is a democratic process, a form of social consultation, where inhabitants co-decide about a specific part of public resources (Kębłowski, 2013, p. 8).

According to Hercog, Sintomer & Rocke, there are six types of participatory budgeting in European cities (Sintomer, Röcke, & Herzberg, 2008, p. 169). Budgeting according to the Porto Alegre adapter for Europe model engages inhabitants and is about projects proposed by the community which are executed within selected local government funds. It is a model quite often used in European countries. Other models, such as community funds at the local

and city level, and the public/private negotiating table are less common, and are used mostly in Great Britain and East Europe. In both of these types, there is an investment fund for projects in selected social, environmental, or cultural areas. The funds are relatively independent of the city budget, since the money comes from external administration, or is only partly owned by a local government. Participants in those funds are various committees or delegate assemblies. In the case of public/private negotiations, the large engagement of business entities is assumed, and inhabitants play only a secondary role. A local community fund excludes business participation completely, and leaves community disposal separate from current city programs. This model creates favourable conditions for limiting the negative effects of social inequality. Participation of organized interest is a model which engages associations and NGOs in process of budget planning in particular areas. It includes social consultations, and is characteristic in Madrid. Two other models - proximity participation and consultation on public finances - are characterized by strong consultation features. Proposals from inhabitants are submitted directly to local public administration organizations, and are considered in a more discretionary way than in other models. Citizen participation is limited to only the possibility of attending open city council meetings. A consultation on public finances model is popular in Germany.

In Poland, the Porto Alegre model is increasingly used for participatory budgeting, but other models are also used to describe the goals of local budgets. Polish local government practices show various models of participatory budgeting combining its different features. The criteria for differentiating participatory budgets are presented in Table 1.

The city of Szczecin strategy analysis in the context of sustainable development

City development directions are defined by a strategic local development plan, practically named as a local development strategy. This is a city development scenario which describes an ultimate development vision, city mission, strategic goals, strategic tasks, and methods of their execution. A subject of such a strategy is the local community. On one hand, a local community participates in the execution of strategic tasks, and on the other hand it benefits from better living conditions and running business activity as a result of city development (Bury et al., 2004, p. 206).

Szczecin is the seventh most populated city in Poland and the third largest by area. It is situated upon the Odra River near the German border, 100 km from the Baltic Sea, accessible through the sailable Odra and Szczecin Bay. The city of Szczecin is a regional economic and business centre, and its authorities put significant attention on its further development.

The major document defining Szczecin's long-term development is the "Strategy of Szczecin's development 2025" (Development Strategy for the City of Szczecin, 2015), which is a basic instrument supporting local authorities in the process of managing the city. The present development strategy of Szczecin was passed on the December 19, 2011 as a result of an update (initiated in 2008) of the strategy passed in 2002. The document was verified and accepted by Szczecin's citizens through a series of social and expert consultations. It includes the city mission which states "Szczecin is an open and tolerant city, an attractive place to live and work – a community of people using for sustainable

Table 1. Criteria for differentiating participatory budgets (own study based on analysis of information collected from selected city halls and commune offices)

Criterion differentiating	Types of participatory budgets
Subject scope of project	– limited subject scope (e.g. only infrastructure investment) – unlimited subject scope
Area covered by budget (budgets)	– city general budget, commune budget – budget assigned for city district, locality in commune, etc. – mixed model of the above
Method of societal participation in the creation of budget procedures and during its execution	– various models connected with the possibility of decision taking (greater or lesser) on budgeting procedures, project assessment, the possibility of participation e.g., in project execution control
Project submission frames (who can submit and how)	– various models considering the minimum number of citizens supporting a project, electronic or personal submission, age of a person submitting a project
Project assessment criteria	– various models depending on a method of project verification, e.g., considering execution time or maintenance costs of an investment
Persons authorized to participate in a budget	– various models connected with the requirements regarding age or place of living

Table 2. The city of Szczecin strategy goals (own study based on Development Strategy for the City of Szczecin (2015))

Strategic goals	Operational goals
1. High standard of life	1.1. Protection and use of environmental advantages 1.2. Revitalization and development of municipal spaces 1.3. Supporting the development of effective social services
2. Modern, competitive, and innovative economy	2.1. Supporting the development of local businesses and inflow of investments from outside 2.2. Raising innovativeness of companies 2.3. Dynamising tourism development using natural advantages or historic and cultural heritage
3. High level of intellectual capital	3.1. Building up the social capital of Szczecin citizens, increasing the trust amongst people, improving city-citizen relations, and encouraging social activities 3.2. Supporting the development of the Szczecin scientific centre, cooperation of science, economy, culture, sport, and local elites 3.3. Enlarging the scope, accessibility, and quality of education
4. Attractive metropolitan city	4.1. Intensification and increase in the effectiveness of international cooperation 4.2. Improvement of transport accessibility and city communication systems 4.3. Supporting the development and harmonization of the metropolitan functions of Szczecin, and implementing projects to build the city prestige

development cultural heritage, natural environment advantages, and location upon the Odra River and the Baltic Sea.” The city mission has been implemented through four strategic goals and a number of operational goals (Table 2). In the process of implementing strategic goals, four respective programs have been developed (Ordinance of the Mayor of the City of Szczecin, 2013). These programs are to be performed according to the rules of sustainable development. Other rules indicating the actions to be undertaken are: the rule of partnership, the rule of social participation, the rule of equal chances, and the rule of territorial integrity.

Participatory budget as one of the goal completion tools of the sustainable strategy of Szczecin’s development

One of the methods for a city to execute a strategy is the implementation of a participatory budget. Szczecin’s civic budget model follows the European adaptation of the Porto Alegre model, which has been used in Szczecin since 2014. Currently, the seventh edition has begun for the 2020 budget. The stages of the budgeting process are as follows:

- informing the community about the possibility of participation (in offices, in mass media);
- a call for applications run by the city hall (applications may be submitted in-person or via Internet, an application may be submitted by every inhabitant with the support of ten other Szczecin citizens. There is no requirement for a registered residence in Szczecin, and a statement of residence and will of permanent stay in Szczecin is sufficient);

- assessment of applications by a reviewing team (the first stage is about meeting the formal requirements (formal verification), and the second stage verifies the feasibility of their implementation (substantive verification). A reviewing team is chosen from Szczecin’s citizens);
- voting for positively assessed applications (every Szczecin citizen can vote, and there is no need for a registered residence, and a statement of residence is submitted when voting for a project);
- result announcement;
- project implementation and control, and informing citizens about the results.

Applications submitted may refer to either city-wide projects or those in local areas. They can be infrastructural or non-infrastructural, and all citizens can benefit from the implementation of these projects. In the current edition, for the first time there are 22 local areas for the needs of residents in one or a few estates (in the previous years, there were only four local areas). The funds will be allocated in the following proportion: 30% for city-wide projects and 70% for local projects. The funds in local areas will be allocated with an algorithm based on 70% of the number of people living in a particular local area and 30% based on the size of the local area in square kilometres. Projects will be implemented in which a particular citywide or local area will receive the largest number of votes until the allocated funds are depleted (Resolution of the City Council of Szczecin, 2019). To easily submit project applications, approximate investment and non-investment costs are publicized. The data referring to the participatory budgets from 2014–2019 are shown in Table 3.

Table 3. The data referring to the participatory budgets from 2014–2019 (own study based on the Szczecin Budget Acts from 2014–2019 (Szczecin Budget Acts, 2014–2019), public information in the Public Information Bulletin of City Hall of Szczecin (BIP, 2019), and Szczecin statistical data (Statistical Office in Szczecin, 2019))

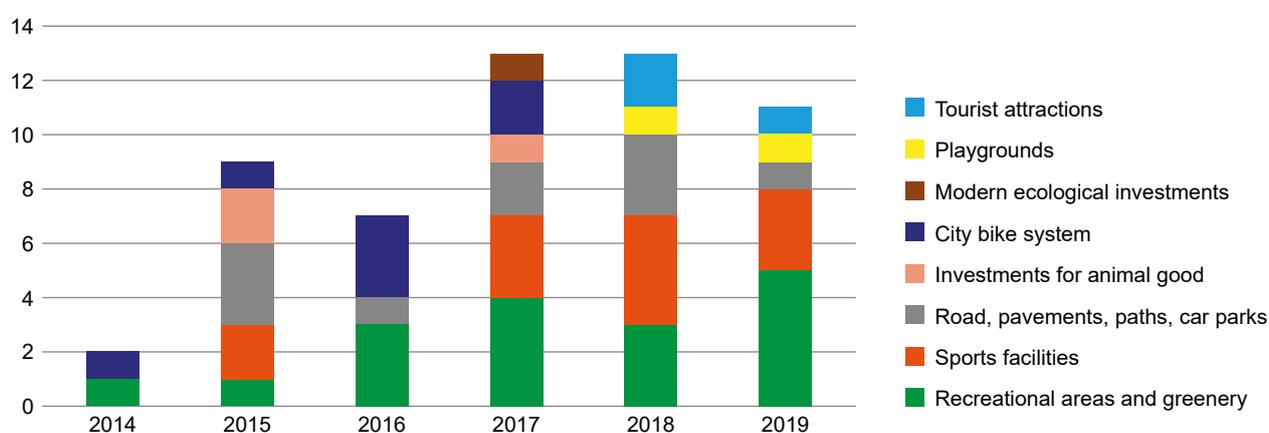
	2014	2015	2016	2017	2018	2019
Amount of participatory budget (in PLN)	5 m	5 m	6 m	7 m	8 m	9 m
Share of PB in city expenditures (in %)	0.24	0.21	0.28	0.28	0.28	0.29
Amount per capita (in PLN)	12.3	12.3	14.8	15.8	19.8	22.4
Number of projects voted	about 200	143	168	122	113	110
Number of voters	29 457	48 076	34 990	34 067	26 378	21 591
Number of votes	29 457	84 822	64 558	94 964	75 047	61 727

The amount of a participatory budget has systematically grown, but its share of the city budget expenditures has been stable in recent years. Nevertheless, the investment amount per capita has increased. The decrease in the number of people voting may be a disturbing phenomenon. Altogether, 54 projects were chosen for implementation between 2014 and 2019 (Table 4).

Table 4. Total amount of PB projects executed in 2014–2019 with types of expenditures (own study based on public information in the Public Information Bulletin of City Hall of Szczecin (BIP, 2019))

Type of expenditure	Total amount projects in 2014–2019
Recreational areas and greenery	16
Sports facilities	12
Road, pavements, paths, car parks	10
Playgrounds	2
Tourist attractions	3
Investments for animal good	3
City bike system	7
Modern ecological investments	1

Figure 2 shows the number of projects between 2014 and 2019. In the analysed years, the residents decided to allocate funds for various investments. The first investments in 2014 concerned the creation

**Figure 2. Quantity of PB projects in years with the types of expenditures (own study based on public information in the Public Information Bulletin of the City Hall of Szczecin (BIP, 2019))**

of a city bike system and providing conditions for recreation. As can be seen in each of the analysed years, the residents chose at least one investment project of a recreational nature related to urban greenery. The largest number of projects was completed in 2017 and 2018.

An interesting investment, which was carried out in 2017, was benches that operate like a hot spot which are equipped with a solar panel and USB port (a person's own cable must be used to charge a phone). The benches are ecological, since they provide energy from the sun and do not emit CO₂. Solar benches are made of steel and wood and are additionally equipped with a bicycle rack.

Conclusions

Based on the conducted research, it can be observed that Szczecin's development strategy was prepared in accordance with the concept of sustainable development and also recognizes the role of public participation of its residents. The manifestation of this is the creation and implementation of a participatory budget. According to research, in 2014–2019 funds allocated to the participatory budget were spent in accordance with the principle of sustainable development. The largest number of

projects implemented involved the creation of recreational and green areas. The second largest group includes sports facilities, which allowed for the implementation of one of the sustainable management goals – the health of citizens. One of the most important investments that has been implemented is the city bike system, which provides a method of transportation for Szczecin inhabitants that is an alternative to cars and buses. The participatory budget gives inhabitants an opportunity to co-decide on the city's development direction, and they become, to some extent, the decision-makers. As can be seen from the research, fewer and fewer residents take advantage of such a possibility, which is a negative phenomenon that may require further research.

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