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PARTICIPATORY BUDGET AS A TOOL FOR LOCAL COMMUNITY DEVELOPMENT IN UKRAINE[1]

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ABSTRACT

The sustainable development of the local self-government institute in modern democracies, the introduction of the principles of subsidiarity, regionalization and decentralization show a clear need for implementing the systemic reforms aimed at strengthening local initiatives in Ukraine. Therefore, there is a need to increase the role of self-governing structures, to grapple for the ways of adaptating governance at the regional level to the long-standing European traditions of democratic governance, and to address the procedural issues of the power distribution, transfer and delegation, in particular the

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formation and distribution of local budgets. One of the most effective tools to enhance local communities is a participatory budget, the implementation of which in Ukraine is gaining momentum and needs to be analyzed, and to be supported upon its successful realization. This article focuses on the analysis of the implementation of participatory budget as an instrument of the local community development in Ukraine in the case of the city of Sumy.

Keywords: Participatory budget, Local self-government, Local budget.

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1. INTRODUCTION

The sustainable development of the local self-government institute in modern democracies, the introduction of the principles of subsidiarity, regionalization and decentralization show a clear need for implementing the systemic reforms aimed at strengthening local initiatives in Ukraine. Therefore, there is a need to increase the role of self-governing structures, to grapple for the ways of adaptating governance at the regional level to the long-standing European traditions of democratic governance, and to address the procedural issues of the power distribution, transfer and delegation, in particular the formation and distribution of local budgets. The Orange Revolution has drawn the attention to Ukraine as the post-socialist economy in transition to market economy [1].

One of the most effective tools to enhance local communities is a participatory budget, the implementation of which in Ukraine is gaining momentum and needs to be analyzed, and to be supported upon its successful realization. The specified research work is one of the attempts to contribute to the development of local self-government and support for the most successful initiatives in this sphere.

Since its emergence and development in Brazil in 80ies years, participatory budgeting has been spread in many countries of the world. The participatory budgeting characteristics were analyzed in many publications by such authors as R. Abers, B. J. Aitken, L. Avritzter, Sintomer, Baiocchi, M. Bassoli, J. Hartz-Karp, A. Polko [2-9]. The analysis of the works of the above mentioned and other writers enables to study the participatory budgeting institute, the prerequisites for its implementation in Ukraine on the basis of the best practices.

2. METHODS

Such methods as *analysis* (whereby the separation of understanding the category "participatory budget" into individual properties is made), *systematic appproach* (use of available information to build a system of interaction of the research object elements), *statistical method* (analysis of the statistical data on the participatory budgeting in Sumy), *empirical method* (involves the sequential implementation of monitoring, measuring, modeling, forecasting and verifying of the forecast associated with the use of participatory budgeting and the like) were used at the time of writing this article.

3. RESULTS

Today, it has already become obvious that the proclaimed reforms will remain controversial and imperfect without the sufficiently developed system of local self-government and the community's ability to solve economic, financial, cultural and other issues. The European choice declared by Ukraine has become a prerequisite for the formation of the local selfgovernment system on the new political and legal basis [10]. Participatory budget has become one of the community's actual capabilities to have a real impact on the allocation of local funding. The word "participatory" has originated from English, and the word "to participate" means "to take part". The community is suggested to take an active part in the city life. And most of all, participatory budget is implemented through the use of such tools as the determination of the priorities for municipal spending by the community's members, the selection of budget delegates – representatives of local communities, the technical support from common councillors, local and regional meetings with the purpose of discussing and voting on priority expenditures, and then the implementation of the ideas that have a direct impact on the urban living quality.

One of the British periodicals "Participatory Budgeting Values, Principles and Standards" states: "The successful introduction and implementation of participatory budget enable to unite and strengthen the community, to increase democratic participation of citizens, and to affect positively the quality of public services at the local level" [11].

Participatory budget is the democratic deliberation and decision-making process in which each village resident decides how to spend part of the municipal budget. The involvement of residents in decision-making on budget allocation for the implementation of their own projects is one of the clearest examples of the direct democracy norm application. The first full participatory budgeting process was developed in the city of Portoalegre (Brazil) in 1989 [12]. The point at issue is about the annual process of deliberation and decision-making, in which thousands of city residents decide how to spend part of the municipal budget. For the present, the city authorities allocate more than 20% of the municipal budget to local initiatives. During the public neighborhood, district and citywide assemblies, the citizens and elected budget delegates vote on what priority needs should be funded additionally and at what level. At the first stage neighbors choose their district and "thematic" delegates, who, subsequently, at informal meetings decide on priority investments giving them a certain number of points, so the more points they give, the more important investments are. The district and "thematic" assemblies which elect deputies to the Participatory Budget Council are held in the second round.

In Europe this practice gained popularity in the early twenty-first century. Germany and Spain were the first-movers. The practice of participatory budgeting is being actively introduced in the Republic of Poland, where this process is also called "participation budget". The participatory budgeting in Poland took place in different cities (Dabrowa Gornicza, Lublin, Lodz, Krakow, Sopot, Warsaw), and in several villages, where due to the support of the Batory Foundation and the Association of School Leaders, the task "Village Budget" was implemented under the campaign "Your Vote, Your Choice" [13]. Since its appearance in South America, partipatory budget has spread to hundreds of cities around the world, and the number of local communities using it has exceeded 200. In some cities parcipatory budget was introduced in schools, universities, and public construction. The mechanisms for

applying partipatory budget, adapted to the local context, differ from each other, and the shares in municipal budgets placed in the residents'service are different as well.

In Europe, the project was picked up by some municipalities in France, Italy, Germany, Spain and the UK, in particular, the districts of Berlin (Kreuzberg) and London (Ladywell). Since 2013 the tool of participatory budget has been used in Krakow (Poland). Participatory budget is also a very popular method of devoluting the power to the residents in the cities of Canada.

The research and practice of the cities using this form of direct democracy (participatory democracy, democracy of joint participation) indicate that it results in more equal allocation of public resources, higher quality of life, more satisfaction with public services, greater transparency and credibility of public authorities, greater citizen involvement (especially those on the fringes of society) in public life. Participatory budget is the mechanism involving the highest level of citizen participation, and the tool enabling citizens to participate actually in decision-making regarding the fund allocation from the local budget. It can be implemented at different administrative levels: from the region in general, cities and towns to residential areas. The use of such budgeting is possible with the elaboration of the budget of a separate public institution. Participatory budget is not a "matter of fact" tool for the management of community at the self-government level. It is the tool enabling to apply a special approach when it comes to thinking on the functioning of local communities, the local community governance, and the formation of their development directions. However, one should not exclude the likelihood that the capabilities of participatory budget are rather illusory and such that create a "false" democracy.

4. DISCUSSION

It is important that the process of participatory budgeting involves a series of the *principles* and values, thanks to which the actual joint determination of the local community form is made by residents, and which are an expression of the innovative and open way of thinking about the community development. The key principles and provisions, which compliance and implementation makes, in our opinion, talking about participatory budgeting possible, are provided below. Their conscious avoidance often leads only to superficial, so to say "frontal" processes, which are closer to a plebiscite than to the actual attempts to increase the influence of residents on their self-governing community. These key principles and provisions include the following: *transparency and openness of procedure; open and inclusive process, provision of space for discussion (debate) with the resident participation; support for the resident involvement; strategic (long-term) thinking; procedure results are binding.* Participatory budget is the tool strongly influenced by the process of "personalization", that is the final form of the procedure called participatory budgeting, may be different and depend on where it is implemented (it is necessary to take into account not only the size of the area, the existing legal procedures and local context, but also the term of this procedure implementation in community). With regard to the main principle, every process that receives this name should include several mandatory steps, which are described below [13].

Ukraine is only beginning to acquire practical skills and knowledge on participatory budgeting. Even the legislation provides only for "the budget of local self-government", but not for engagement of communities in the implementation of local initiatives. Everything changed in 2015, when the representatives of the Polish and Ukrainian Cooperation Foundation PAUCI arrived in Chernihiv, Cherkasy and Poltava

with the project "Participatory Budget – Opportunities for Increasing Public Activity and Establishing Appropriate Partnerships with Government Authorities" (B. Martel, 2015). Over the past year, this simple mechanism of influence on power has gained popularity in many cities of Ukraine. Participatory budget has been already operating, in addition to the initiators (Chernihiv, Cherkasy, Poltava, Lutsk), in 20 cities, and is in the process of implementation in 13 cities and towns. For urban residents this opportunity is a test of the community potential to be mobilized in establishing the partnership with authorities.

The Ukrainian experience in Sumy has become quite a positive example of the participatory budget implementation. Since 2017 for the first time the implementation of the public (participatory) budget, providing for the funds of the Sumy public (participatory) budget for 2017 in the amount of 5000.0 thousand UAH, for 2018 – 6000.0 thousand UAH, for 2019 – 7000.0 thousand UAH, for 2020 – 8000.0 thousand UAH, has begun in Sumy in order to increase the level of the city authority openness and to put in place the innovative mechanisms of involving the public in the municipal budget allocation. In order to harmonize the procedure for the project implementation the Regulation on Public Public (Participatory) Budget in Sumy (hereinafter – "the Regulation") No. 504-MR, which determined the basic principles of the process of interaction of the Sumy local self-government authorities and citizens in the implementation of the innovative mechanisms of the public involvement in the allocation of certain part of the city budget defined by the Sumy City Council, was prepared and approved on March 30, 2016. According to this Regulation, the Sumy public (participatory) budget is a part of the Sumy municipal budget, the amount of which is determined by the Sumy City Council, and the funds of the Sumy public (participatory) budget are allocated for the implementation of the best projects on the city development, which have been submitted to the Sumy City Council by the residents of the Sumy territorial community. The competition is held, and the projects submitted are put to the vote (the process of deciding on the winning projects by the residents of Sumy (the Ukrainian citizens aged from 16 years who are registered or reside in the territory of Sumy that is confirmed by official documents (certificate of the place of work, study, office, or other documents confirming the fact of residence in the city) among the selected projects by filling in the ballots for voting in paper or electronic form) in order to implement the project [14]. The Regulation has stipulated that the city-wide and local projects can be implemented at the expense of the Sumy public (participatory) budget. In this case the amount of expenditure for the implementation of city-wide projects shall not exceed 1000.0 thousand UAH, and for local projects – 500.0 thousand UAH (about up to 40 thousand dollars for the municipal budget, and up to 20 thousand dollars for local budgets).

This is hardly the first time the community has received a real opportunity to offer the authorities the projects supported "from below" and being able to address the relevant local issues. In particular, 75 projects (20 city-wide and 55 local projects) were submitted to the Sumy City Council under the project implementation in June 2016. According to the officially published information (Fig. 1), the majority of the citizens have received information from their friends, acquaintances and the Internet resources. And to a lesser extent, the citizens have used the information provided by print media and television and radio resources (On Public (Participatory) Budget in Sumy).

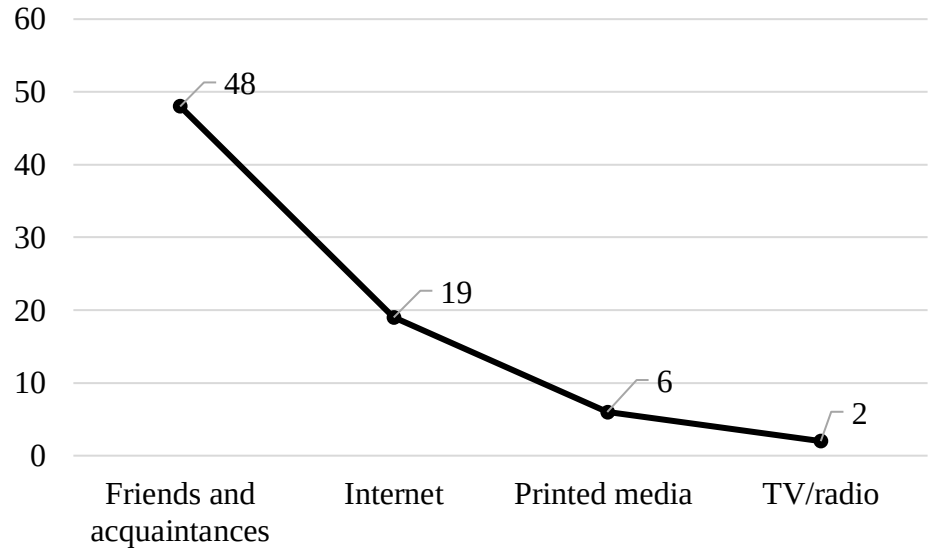

Fig. 1 Distribution by information on public budget

Most of the project authors are the people in work (Fig. 2). The persons who attained pension age rank second among the project initiators. The smallest number of the projects has been prepared by the persons who have no permanent place of work and students.

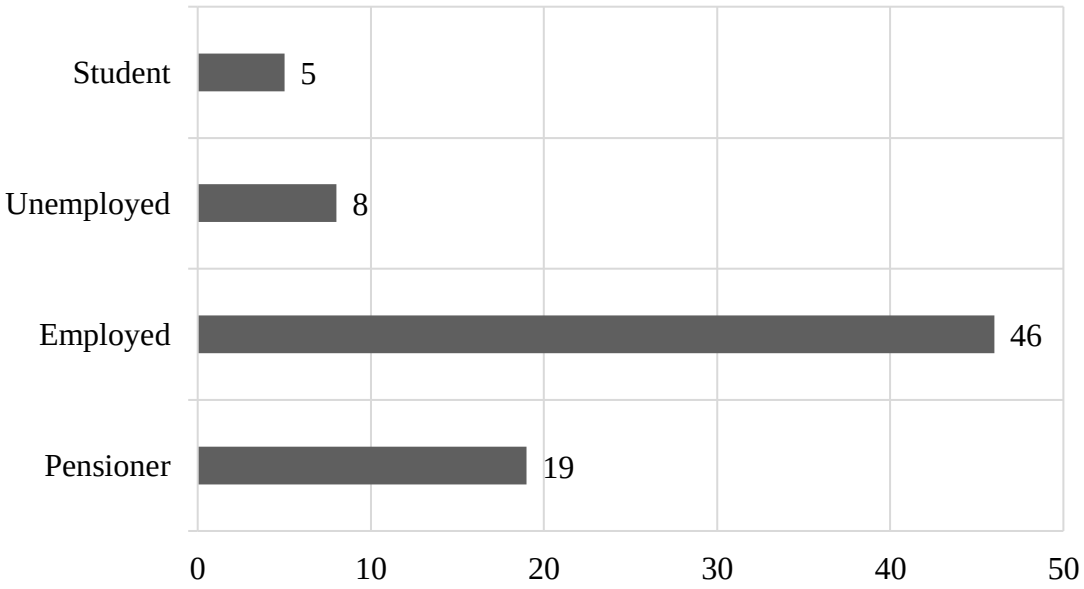

Fig. 2 Distribution of projects by status of their authors

An interesting finding is that the first wave of initiatives have been supported by sole authors as the percentage of the projects solely submitted have amounted to 55% (Fig. 3). This may indicate the low activity level of public organizations or their distrust of this proposal.

Один автор –One author, Колектив - Composite authors

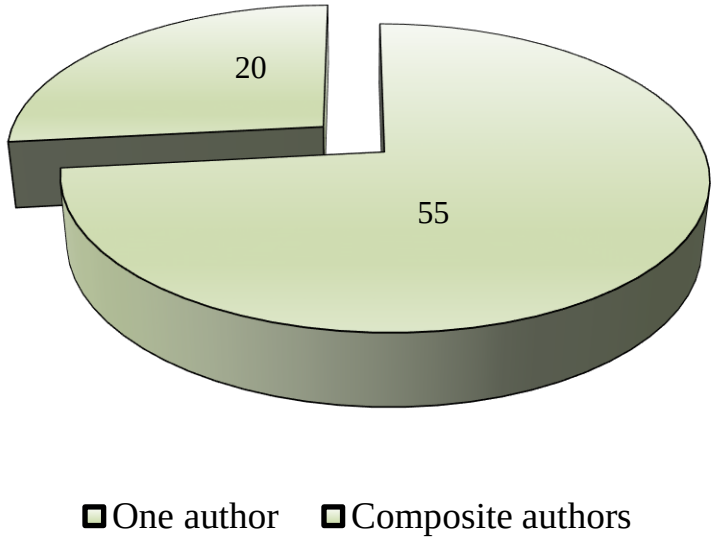

Fig. 4 Distribution of projects by authorship

Age distribution among the project authors has turned out to be uneven (Fig. 5). The most active attitude in this question has been displayed by young people aged between 19 and 40. However, the persons over 60 years of age have appeared to be quite active.

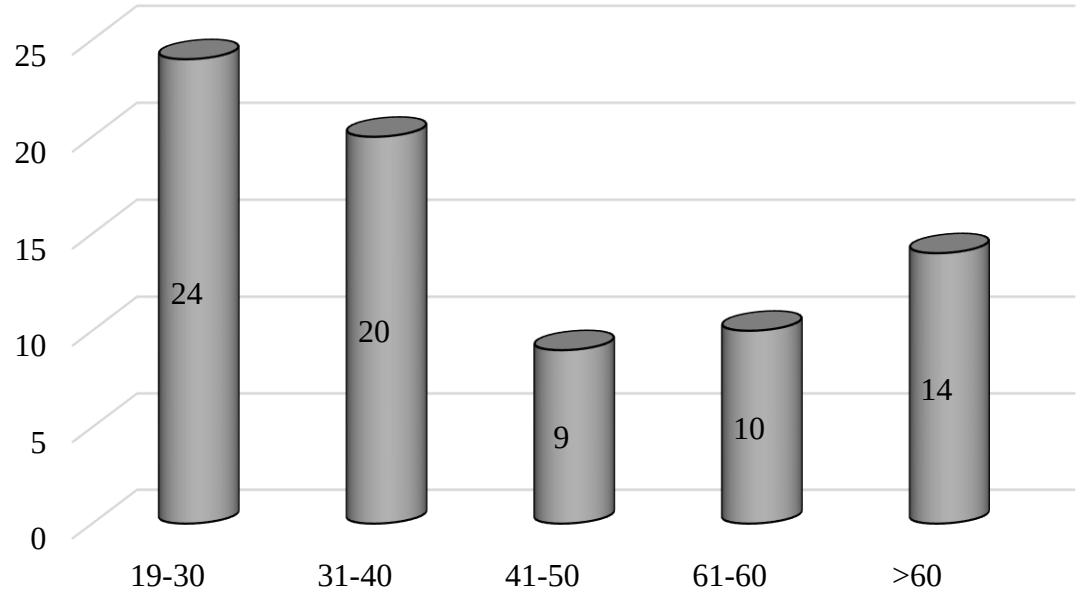

Fig. 5 Distribution of projects by author age

The gender indicator of the activity in question is in favour of women (Fig. 6). Thus, 63% of the authors have appeared to be female.

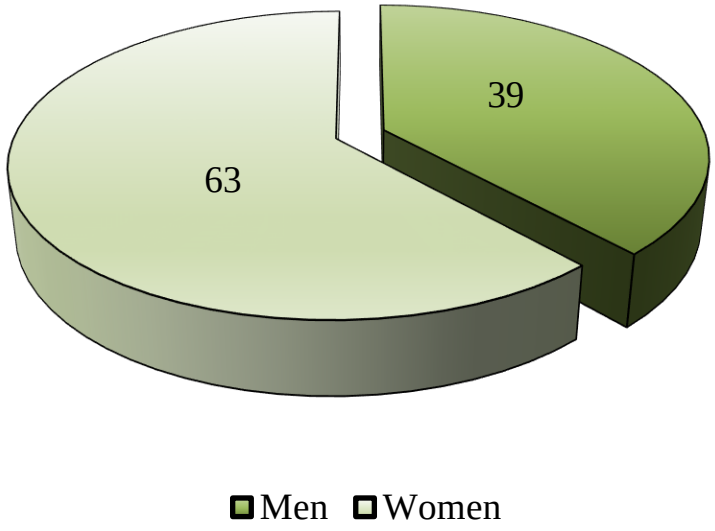

Fig. 6 Distribution of projects by gender indicator

After the consideration and analysis of the projects by the specialists in the structural division of the City Council jointly with the authors, 59 projects (among which 11 projects are city-wide and 48 projects are local) were submitted to the vote. One could vote at one of the 43 polling stations with the use of a paper ballot from October 24 to November 6, inclusively. Every citizen could choose two projects (one city-wide project and one local project), or one of these two categories. The voting was also on the website http://initiativ.e-dem.in.ua/sumy. The winners of the voting became the projects with the highest number of votes according to the rating system. The voting results shall be approved by the Sumy Public (Participatory) Budget Coordination Council. The projects supported by the city people shall be implemented by the city authorities in 2017. In parallel, a new cycle of the public budget (discussion of the rules and regulations, project submission, expert assessment, voting, winner determination) will be launched next year. This project implementation has become possible with the participation of the foreign investors, in particular, such as the East Europe Foundation, which is funded by the Swiss Confederation and operates under the program "E-governance for Government Accountability and Community Participation (EGAP)".

The e-voting analysis has shown the following. Only 1110 votes have been found on the website. Unfortunately, 10 of the 59 projects have remained with a "0" in the line. In general, the Sumy community has chosen the projects related to the arrangement of recreational areas. The TOP-10 overall rating is as follows:

- 021. Dome of Visions - 151
- 017. Healthy Nation-Strong Community, Wealthy Ukraine - 94
- 024. Sports area - 92
- 057. I love Lake Czech - 62
- 010. Sport and recreation center "CROSSFIT- Open Sports Area" - 61
- 035. Sports ground for children and adults "Zorianyi" - 58
- 031. Construction of public garden near the house 81B in Kovpaka Street in Sumy - 56

- 049. Social (free) English language school - 55
- 036. ECO PARK - 53
- 038. A Healthy Nation is the Future of Ukraine - 44
- Concerning the leaders by the project types, the TOP-5 rating is as follows (among the citywide projects):
- 021. Dome of Visions -151
- 057. I love Lake Czech - 62
- 049. Social (free) English language school - 55
- 036. ECO PARK - 53
- 062. Playgrounds for mini-football, badminton for children and young people in the Children's Park "Skazka" - 25
- The TOP-5 rating among the local projects is as follows:
- 017. Healthy Nation-Strong Community, Wealthy Ukraine - 94
- 024. Sports area - 92
- 010. Sport and recreation center "CROSSFIT- Open Sports Area" - 61
- 035. Sports ground for children and adults "Zorianyi" - 58
- 031. Construction of public garden near the house 81B in Kovpaka Street in Sumy – 56 (On Public (Participatory) Budget in Sumy).

The analysis of the experience of implementing the participatory budgeting in Sumy has enabled to establish that the successful implementation of participatory budgeting depends on the careful execution of the stages of its introduction. For example, outreach campaign and evaluation should accompany the process as a whole and each of its separate stages. The places where the chart shows these actions and activities indicate the process stages on which there is a need for an increased focus on these actions and activities (for example, the most active educational and promotional activities should be carried out at the initial stage of the process, however, it is necessary to plan more actions and activities related to the evaluation after the procedure is completed in a given year).

The detailed implementation of compulsory stages (e.g., the length of each stage, the implementation tools, in particular the voting method or formula by which the project will be discussed) should be defined at the local level, taking into account the existing needs and possibilities [15]. The range of the methods applied at different stages (e.g., the communication channel selection under the outreach campaign) may be different – from standard to the most complex and innovative ones. However, without regard to the scale or local variant of the process, it should be always carried out following the general principles developed for participatory budget and described above. Participatory budget should not be a one-time event, but have a cyclical nature. It should also be part of the normal cycle of the local self-government operation, starting from the identification of needs and the discussion of priorities for next year, the selection of projects for their implementation and consideration in the next year's budget, and completing with the implementation of the projects selected under this procedure. An important prerequisite for the successful introduction of the participatory budgeting process should be the discussion of the idea of using this mechanism at the local self-government level. It should be an attempt to answer the question regarding the need to implement participatory budget in this area, assessment of the community readiness for this process, as well as availability of the political will

which would enable to introduce this process and consistently implement it, focusing on the long-term perspective. This stage has, primarily, "internal" nature and is implemented at the level of the Council and the community bodies which in practice will be, so to say, the owners of this process, and therefore, should prepare for it in the best possible manner (from the organizational and administrative point of view as well).

The monitoring of the participatory budgeting process should be performed by the public monitoring group, consisting of the residents and/or independent experts, selected under the transparent and clear procedure specifically developed for this purpose. The assessment should be made step by step, that is, during the entire process (e.g., in the form of the accumulation of data on the implementation of the individual stages of the process). The activities and actions in the assessment should be conducted with the participation of the organizers and the persons involved in the process (groups of government officials involved at different stages of the process) and stakeholders (residents), as this approach will enable to evaluate the process from different sides. The assessment result should be the recommendations for any changes and corrections to be made before the procedure – the participatory budget organizers should be open and provide for the possibility of amending the rules and regulations regarding the process for future years.

5. CONCLUSION

The main idea of participatory budgeting is to involve community residents in the process of the city or region governance, and to use the element of the discussions at this point, that is, the discussions in a wide range of the community members who are "the experts in their field", know their needs and join the conversation about the community priorities with a view to the public welfare. This openness and the desire to involve residents are not the goal in itself: all of this should lead to the efficient use of local budget funds and establishment of the relationships with the local community. The properly planned and implemented process of participatory budgeting has the potential to become the instrument through which residents could feel the actual joint responsibility for the life of their communities, as well as via which they will "practise" the cooperation for their benefit.

The success of participatory budgeting depends on the development of a clear procedure and its consistent implementation. The analysis of the experience of the participatory budget implementation enables to emphasize the need to create the coordination group that will be responsible for the process directly in the self-governing authorities or to choose the person who will coordinate this process from among the employees of the local authority.

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