Participatory Budgeting in Poland – Finance and Marketing Selected Issues

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PARTICIPATORY BUDGETING IN POLAND

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SELECTED ISSUES

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Abstract:
This article is an attempt to present and analyse the changes in the scale and scope of the significance of participatory budgets introduced in the years 2014-2016 in most Polish cities with district rights (MNP), as well as to determine the importance of activities in the field of marketing communication for the effective implementation of the objectives related to its functioning. The analysis carried out in the article concerning PB development in MNP clearly indicates the rise of interest of this form of citizens’ participation in deciding about MNP expenses. Simultaneously, differences in scale and range of implemented PB among examined groups might be visible. As an example, the city of Wrocław shows that an adequate marketing communication of the city as well as local project leaders with inhabitants is a fundamental factor influencing forming an active participation among inhabitants.

Introduction
Participatory budgeting (PB) is by definition a mechanism of an active inclusion of residents of a given unit of the local government in identifying objectives and ways of expending a certain amount of public funds within the expenditure of flexible budgets of those units. In the years 2012-2016 the number of local governments allowing their residents to participate in co-creating the list of budgetary expenditure that improves the quality of life of residents increased. This article is an attempt to present and analyse the changes in the scale and scope of the significance of participatory budgets introduced in the years 2014-2016 in most Polish cities with district rights (MNP), as well as to determine the importance of activities in the field of marketing communication for the effective implementation of the objectives related to its functioning. From the perspective of previous experiences of the units of local government in the functioning of participatory budgeting, the problem seems to be, among others, the issue of encouraging residents to active participation both in generating ideas and their submission (i.e. in the first stage) as well as voting on specific projects (in the second
stage). A key role is played here by marketing communication, which ensures a proper flow of information and effective implementation of the objectives. Effective implementation of marketing activities of municipalities (including those of a communication nature) involves creating a marketing strategy and embedding it within the tools of market impact - that is, to be precise, the marketing mix. Of particular importance is the integration of activities in the field of individual instruments and taking into account their long-term character.

1. **Aim, methods, literature overview**

1.1. **Aim and methods**

The aim of this article is to present and analyse changes in the scale and scope of the significance of participatory budgets introduced in the years 2014-2016 in most Polish cities with district rights, as well as to determine the importance of activities in the field of marketing communication for the effective implementation of the objectives related to the functioning of participatory budgeting. The choice of entities subjected to testing was due to the fact that mainly MNP (municipalities simultaneously performing tasks of districts) decided to introduce this form of deliberative democracy. At the same time, it should be noted that from the point of view of the image of large cities which are MNP, the lack of participatory budgeting can be seen as a lack of openness and friendliness of city authorities towards residents and, consequently, it can affect a decrease of the attractiveness of a given city in the eyes of current and potential future residents. The article analyses the scale of participatory budgets in relation to the size of the budget of MNP and a number of population. The analysis also concerned directions of expenses, the process of selecting projects, and the availability of information on the participatory budgeting on the websites of cities. The data on the financial situation of municipalities were collected from the annual reports on the implementation of the budget of individual municipalities (Ministerstwo Finansów, 2016). The data on resources aimed for the objectives of participatory budgeting as well as information on the activities in the field of marketing communication were collected by analysing websites of individual municipalities and the subject literature. The research did not encompass an extensive use of classical statistical measures of location in relation to the size and importance of PB for particular groups of MNP due to the fact that in the considered period of 2014-2016, certain dynamic changes were observed and individual MNP introduced PB at different times and in various degrees. However, the article attempts to underline the observed regularities as to the manner and scale of an introduced PB in different groups of individuals. It should be noted that in most units the data relating to the volume of PB in a particular year, result from the choices made by residents in the previous year. Unfortunately, the websites of individual cities use different names – they either indicate a year of tasks’ selection to PB or, another time, a year of implementation. In view of the above, the authors attempted to harmonise the data by
reducing the amount of PB-year spending rather than planning. It should be emphasized that the analysis omitted certain expenses which resulted from their multiannuality (Zory - renovation of the swimming pool).

1.2. Participatory budget – literature overview

Although participatory budgeting is considered to be a well-known concept, it takes a very diverse form in each individual country (Sintomer, Herzberg, & Rocke, 2008). As noted in the analysis (Gomez, Insua, & Alfaro, 2016), despite differences in its formation one can point out (from the point of view of expenditure planning) its two basic forms - static and dynamic, the latter one being much less frequent in practice due to bureaucratisation of the budgetary process (annuality, antecedence, the need for acceptance). In Poland, on the basis of the conducted studies one may identify the quasi-static budget, because in most cases the amount to be allocated is pre "guaranteed" in the budget and numerous limitations concerning the scale and form of spending do not cause necessity of making changes in the financial plans of municipalities. This is true even in the relatively rare cases of implementation of participatory budgeting performed in the same year in which the selections of projects were made (i.e. Kielce). However, while taking into consideration the criteria presented in the literature (Sintomer, Herzberg, Allegretti & Rocke, 2010) such as: the origin of the participatory budget (criterion 1), the organization of meetings (criterion 2), the scope and quality of deliberation ( criterion 3), and the nature of the participants and the role of civil society in general (criterion 4), one may discover as many as six "pure" models of participatory budgeting - six models (or, ideal-types'):

a) adaptation of Porto Alegro,
b) the proximity of participation,
c) consultation on public finance,
d) a multi-stakeholder participation,
e) community participatory budgeting,
f) participation of organized interests.

Reference to Porto Alegre results from the fact that it was the cradle of the practical functioning of participatory budgeting. The history of the PB dates back to the late 80's of the 20th century (Souza, 2001) and derives from the countries of Latin America. Another form of participatory budgeting reflects the diversity of its essence in different countries, because it is currently estimated that globally, there were between 1,269 and 2,778 participatory budgets in 2013. In Latin America, between 626 and 1138 participatory budgets are presently in place; in Europe between 474 and 1,317; in Asia between 58 and 109; and in Africa between 110 and 211 (Dias, 2015). Differences in the number of civil budgets are due to the broad concept of participatory budgeting in which the "PB allows the participation of non-elected citizens in the conception and / or allocation of public finances" (Dias, 2015). In Poland, participatory budgeting has been
studied by many authors, however this topic has not yet been thoroughly analysed. Research of participatory budgeting in Poland are mainly related to legal aspects of public consultation (Krajewska & Sawicki, 2014; Wierzbica, 2014), the importance and procedures of public participation (Bednarska-Olejniczak & Olejniczak, 2014, 2015; Czarnecki, 2014), the financial problems associated with its implementation (Borowski, 2015; Czarnecki, 2014) or an innovation in the field of local government institutions (Bednarska-Olejniczak & Olejniczak, 2016; Wiktorska-Święcka, 2015).

1.3. Place (territorial) marketing – literature overview

Territorial marketing is defined in a number of ways in the subject literature, including all the strategic and technical approaches that are used by organizations (associations, individuals, public institutions, and enterprises) in order to gain new resources and improve the efficiency and quality of the implementation of the project aimed at meeting the specific public needs in accordance with the principles of ethics, leading to the fulfilment of a certain mission (Szromnik, 2008). This definition emphasizes both the strategic nature of the activities as well as directing them towards the public needs. The main objective of territorial marketing is to influence the opinions, attitudes and the manner of behaviour of external and internal groups of interested customers through the development of the proper set of measures and instruments to stimulate interchangeable relations (Szromnik, 2008). One of the instruments, as mentioned above, is the promotion (marketing communication). It includes a set of tools with which a territorial entity communicates with the internal and external environment, provides information describing the socio-economic profile, highlights the strengths, successes, plans, communicates decisions and planned projects (Burczak, 1999).

The functions performed by the promotion consist of three groups: integration functions - to strengthen bonds between members of the local community; stimulating functions - to increase the degree of identification with the considered area and to create specific, desirable attitudes towards it; competitive functions - to compete between different territorial entities for aid funds, tourists, investors, etc. (Burczak, 1999).

As can be seen, the functions of marketing communication depend on such factors as: entities to which these actions are addressed, we are dealing here with both internal stakeholders (residents and any organization located in the municipality) and external stakeholders (investors, local business entities, tourists, neighbouring municipalities and their residents). Therefore, depending on the recipient, promotion of territorial entity can be divided into (Sekula, 2005):

a) internal - the aim of which is to create the image of spatial unit and to obtain acceptance for the initiated actions, and even to encourage the collaboration of the local community;
b) external - aimed at gaining tourists' attention, capital and creating a positive image among these groups.

In the case of communication tasks related to the participatory budgeting we have to deal with the social, internal promotion, i.e. one that concentrates on initiating and strengthening of citizenship, stimulating social activity and identification of the place of residence. This type of marketing communication of the unit of local government has a set of tools at its disposal in order to carry out promotional purposes. These include, among others.: public relations (including publicity and media relations) - these are image-building activities designed to build public trust and understanding, to take care of a positive image of the community and its actions; advertising - any form of non-personal, paid presentation and promotion of ideas or services offered by the municipality, transmitted to the recipients through the media (radio, television, press, the Internet, telephone networks) and through medium such as billboards, posters, audiotapes and video, CD-ROMs, etc. (Kotler & Keller, 2012); direct marketing - the use of post, phone, fax, e-mail or the Internet to communicate directly or encouraging specific recipients to a response and a dialogue (Kotler & Keller, 2012); events and experiences marketing - activities and programs organized by the municipality, which are aimed at daily or occasional interactions with recipients, including sports, cultural, entertainment, charity events, etc. (Kotler & Keller, 2012) and finally interactive marketing - activities and programs on the Internet, aimed at drawing the recipients into interaction and direct or indirect increase of awareness, improving the image, increasing the interest in the offer of municipality (Kotler & Keller, 2012).

2. Research results, discussion

2.1. Analysis of implementation of PB in MNP in the years 2014-2016

The history of participatory budgeting (also known as civil budgeting) in Poland is the story of the last five years. This solution was introduced for the first time by Sopot in 2011. Within a few years, similar forms appeared in several municipalities all over Poland. However, the years 2014-2016 can be considered as a breakthrough, when majority of Polish large cities functioned with district rights (cities - municipalities also performing the tasks of districts).

In Poland, there are currently 66 such units of territorial division and the number of their residents varies between 1.7 million and 35 thousand. By virtue of its specific features appropriate for large cities, they have been isolated from the municipalities and districts. From the point of view of citizens' participation in the management of expenditure policy of this type of units, participatory budgeting fills the gap between the funds allocated to the activities of residents' councils of particular units (districts or housing estates) and the activities of entire cities. PB in most cases relates to "hard" expenditure - investment / financial expenditures relating to infrastructure, and less
frequent "soft" expenditures (training, courses, activities for the residents, etc.). Implementation of the next edition of PB in the examined cities also indicated the necessity to break down the total amount available at residents' disposal for city-wide projects and housing estates projects because, as in the case of Wrocław, well-organized groups of stakeholders were able to win the vote on projects mainly from a relatively small part of the city.

The number of MNP cities realizing PB almost doubled in years 2014-2016. In 2014 there were 32 PB being realized among MNP while in 2016, 62 out of 66 MNP were realizing this particular form of interaction with citizens (fig. 1). Concurrently, the amount of resources entrusted to the citizens increased nearly four times and average value of PB doubled. However, these numbers do not constitute the basis for evaluation, for the largest cities (e.g. Warsaw, Łódź, Wrocław) had substantially been increasing their PB in the mentioned period or introduced it for the first time as late as in 2015 or 2016. The crucial information from the perspective of citizens is the amount of resources allocated for PB per capita because it permits to juxtapose MNP in terms of the level of ‘friendliness to the citizens’. For instance, PB in Wrocław was initially commonly criticized for low amount of resources allocated for this purpose by the city authorities. In the following years, the resources were increased under the pressure of citizens. The data analysis allows pointing out certain regularities that occurred while implementing PB in the examined period. In most MNP, low level of financing from PB can be visible, particularly in the first and occasionally in the second year of PB functioning in a particular unit.
## TAB. 1: Participatory budgets in MNP

<table>
<thead>
<tr>
<th>Item</th>
<th>Town/Year</th>
<th>Inhabitants</th>
<th>total amount (millions PLN)</th>
<th>in total expenditures (%)</th>
<th>in investment expenditures (%)</th>
<th>per capita (PLN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poznań</td>
<td>2015</td>
<td>369,000</td>
<td>29,850</td>
<td>90.5</td>
<td>29.3</td>
<td>84.2</td>
</tr>
<tr>
<td>Bydgoszcz</td>
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</tr>
<tr>
<td>Gliwice</td>
<td>2015</td>
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<td>29,850</td>
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</tr>
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<td>84.2</td>
</tr>
<tr>
<td>Miniatura</td>
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<td>369,000</td>
<td>29,850</td>
<td>90.5</td>
<td>29.3</td>
<td>84.2</td>
</tr>
<tr>
<td>Zielona Góra</td>
<td>2015</td>
<td>369,000</td>
<td>29,850</td>
<td>90.5</td>
<td>29.3</td>
<td>84.2</td>
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</tr>
<tr>
<td>Legnica</td>
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</tr>
</tbody>
</table>

Source: own calculations based on (Główny Urzad Statystyczny, 2016; Ministerstwo Finansów, 2016)
The phenomenon results from the low interest and trust in this form of participation is at the beginning of PB. Naturally, a derogation from the rule can also be apparent – as in cases of cities such as Łódź or Warsaw which implemented PB dynamically on a large scale. It is worth to underline that while analysing average value per capita in MNP for groups of cities which introduced their first PB, at the same time, a growth of these values is visible at the level of 30-40% per year (e.g. for MNP that introduced PB for the first time in 2015 average value amounted to PLN 28,8 per citizen while in 2016 it was about PLN 32,2).

Another issue is citizens’ susceptibility to new forms of participation in different units. In the smallest units, in terms of the number of inhabitants, PB was introduced (are being introduced) essentially later than in the biggest ones (e.g. in 2015 38 out of 39 cities with population greater than 100,000 while only 19 out of 27 had the budget and in 2016, 4 of the cities were still deprived of the budget, including two of them classified under 10 smallest cities – Biła Podlaska and Krosno). It is possible to notice that only MNP such as Sopot or Świnoujście count on substantial contribution (per capita) of inhabitants in determining their expenses. In case of big cities the discrepancies in subsequent years are not that important – these MNP are likely to balance the level of their PB in the upcoming years.

The very proportion of level of PB to the number of inhabitants does not seem to form a satisfactory method of measuring tendencies in examined group of subjects. What has been already mentioned, the PB expenses usually concern investments or infrastructure. It means that the better factor for determining the scale of citizens’ participation seems to be the share of PB in general expenses or in property expenses. The data obtained from MNP financial reports and the data concerning the number of resources engaged in PB tasks show that in most cities the share of PB in budgetary expenses does not exceed 1% of all expenses and fluctuates below 5% of assets. What it means at present is that PB performs a rather supportive and consulting role in terms of fulfilling the investments of MNP in areas of improving local standards for society functioning than in areas of large investments.

2.2. The analysis of selected MNP promotion actions on the basis of selected examples

Consequent realization of aims connected with promoting PB requires competent selection of communication tools – different at a stage of raising awareness and interest as well as persuading to apply with the project (possibly creating a platform of mutual understanding between authors of ideas in order to make their cooperation rationally possible instead of concurring for limited resources), different at a stage of persuading inhabitants to vote for particular projects. Mentioned tools should be a part of marketing strategy of community, steered towards the long-term goals, hence they should be planned in a long-term horizon, integrated with other marketing tools and their
effectiveness should be verified. It is also worth remembering that PB promotion is a part of global marketing strategy of the city and should be listed in its stages, which include the following actions (Szromnik, 2015):

a) raising awareness,
b) extending knowledge,
c) attracting the attention,
d) visualization,
e) persuading,
f) facilitating,
g) sharing,
h) repeating.

These actions in relation to PB are presented in the following table.

**TAB. 2: The nature of promotion actions taken in terms of functioning of PB**

<table>
<thead>
<tr>
<th>STAGE I – COLLECTING PROJECTS</th>
<th>The nature of action, taking into account the aims of promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a) presenting the idea of participatory budget and profits stemming from it</td>
</tr>
<tr>
<td></td>
<td>b) delivering knowledge about functioning of participatory budget as well as technical issues connected with preparing and lodging the application (explanation who, how, in what form can make an application, where and when it should be submitted, etc.)</td>
</tr>
<tr>
<td></td>
<td>c) having inhabitants interested and persuaded to prepare and lodge their projects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STAGE II – VOTING FOR PROJECTS</th>
<th>The nature of action, taking into account the aims of promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a) informing inhabitants about dates of voting, possible ways of voting, number of projects they can vote for, etc. (education in terms of technical issues connected with the voting)</td>
</tr>
<tr>
<td></td>
<td>b) encouraging to vote (arousing interest and persuading into acting)</td>
</tr>
<tr>
<td></td>
<td>c) encouraging to vote for particular project</td>
</tr>
</tbody>
</table>

Source: Own work

An excellent example of employing marketing communication in terms of accomplishing tasks connected with informing, growing awareness, educating and persuading inhabitants to active participation in forming a participatory budget are actions taken in years 2015-2016 by Wroclaw. Some of them deserve special attention:

i) interactive simulation „Gra o WBO” – an innovative way of exchanging information about PB and particular projects constituting an example of profiting from marketing of events in forming an attitude, providing information and education for inhabitants. Game participants had to present their own project ideas, try to convince others to the given idea and they had to jointly decide which of these projects should be realized and how much money should it get from the pool of money on the table divide among each of the projects for their realization (Biuro ds. Partycypacji Społecznej Miasta Wroclawia, 2016b);
j) Laboratoria Obywatelskie (Citizen Laboratories) – this tool took a form of workshops carried out in 2015 in five residential areas in Wrocław. The basis for the workshop constituted a method of performing social consults created in Great Britain titled "Planning For Real". During the first workshop inhabitants were choosing particular places they wanted to discuss. Second workshop resulted in children having prepared colourful models for mentioned areas. Third and fourth workshop gathered inhabitants to point out main challenges and projects in the areas presented by the models. Citizens talked about the challenges with experts and officials. This type of communication allowed the inhabitants to get to know better local demands as well as propose interesting and advantageous projects to fulfil them (Biuro ds. Partycypacji Społecznej Miasta Wrocławia, 2016c);

k) Internet service dedicated to WBO – located on the website of Wrocław. This service is designated to provide information about WBO, and also educate inhabitants about terms and procedures concerning lodging projects or voting for projects. Articles, guides and info-graphics fort the so called content marketing, which focuses on providing receivers (inter alia by means of the Internet) with accurate information and knowledge about a particular subject. Contrary to traditional advertisement this type of marketing communication permits to build a long-term relationship with receivers and facilitates their active involvement (Biuro ds. Partycypacji Społecznej Miasta Wrocławia, 2016e);

l) official WBO website on Facebook – informing about WBO rules, voting and realization of projects. Delivering accurate information, the website is a platform when inhabitants can exchange ideas and express opinions. Individual projects can also be promoted by means of this website (Facebook WBO, 2016);

m) event "Moje Drzewo 2016" – the combination of action promoting WBO with action promoting desired behaviour of citizens in terms of ecology. At the time, people in Wrocław had a chance to get rid of electro waste or wastepaper in the city centre and, in return, obtain a fruit-bearing tree. On the occasion, they could also receive answers to questions concerning WBO and get the information leaflets in the prepared info spot of the Department of Social Participation. Conversations with leaders of particular projects were also possible. They tried to gain the interest of event participants and persuade them to vote for their project, (Biuro ds. Partycypacji Społecznej Miasta Wrocławia, 2016d);

n) information placed on pavements in selected parts of the city – it is a kind of advertising action with the use of city space. Bicolour graffiti painted on pavements of Wrocław at the end of September 2016 was of both informative (dates of voting were indicated) and persuasive character (through the use of slogan: I vote! What about you?).

The importance of communication in regular course of particular stages of implementing PB is underlined by the results of the evaluation questionnaire WBO from the present year (Biuro ds. Partycypacji Społecznej Miasta Wrocławia, 2016a). The majority of respondents noted that the factor deciding about their participation in consultations was clear information about the subject and range of consultation (1459
examined out of 4140 respondents) and also the earlier information about the event (1432 respondents).

Conclusion

The analysis carried out in the article concerning PB development in MNP clearly indicates the rise of interest of this form of citizens’ participation in deciding about MNP expenses. Simultaneously, differences in scale and range of implemented PB among examined groups might be visible. As an example, the city of Wrocław shows that an adequate marketing communication of the city as well as local project leaders with inhabitants is a fundamental factor influencing forming an active participation among inhabitants. The issue of PB development is a rather new phenomenon and despite already existing experience, it is still relatively poorly known. What should be underlined at this point as a problem is fundamental differentiation of ways of consulting, lack of legal regulations in this area or failure in establishing homogenous standards for application and selection of projects. That is why this phenomenon should be continually observed and analysed comparatively in order to work out the optimum standards for PB functioning in Polish reality.

References:


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