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## Participatory Budgeting in Poland – Missing Link in Urban Regeneration Process

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### Abstract

In last thirty years Poland has gone a long way toward democracy and decentralization. Role of public participation in planning is increasing rapidly and recently many new instruments of empowering the community is being introduced, participatory budgeting is one of the most important. On the other hand, urban regeneration is one of the most important challenges of polish cities are facing. Technical and transport infrastructure investments are, in most cases, financed by public sphere. We can also observe increasing role of NGO's in neighbourhood regeneration process but their scope of actions is mostly limited to soft projects. The paper tries to answer the question whether participatory budget can fill this gap and be a source of financing local community needs. This paper shows the creation and evolution of participatory budgets in Poland as well as the process of their implementation including examples of projects financed from participatory budget in Polish cities. It consists of analyses of participatory budgets' expenditures structure and influence of the projects on the neighbourhood and the city. It also assesses long term influence and identify barriers, challenges and opportunities of using this instrument in urban regeneration process.

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### 1. Introduction

In the last thirty years Poland has gone a long way from centrally steered system to free market economy and most importantly towards democracy. The country went through the process of decentralization. At the same time the role of public participation in planning and development is increasing rapidly, but the way the public consultation process is conducted still needs improvements [1]. Recently, many new instruments of empowering the community were

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introduced. One of the most important is participatory budgeting, which is becoming more and more present in Polish cities. In the same time, urban regeneration is still one of the greatest challenges that Polish cities face.

## 2. Urban regeneration

More than half of the historic structures in Poland are in need of some kind of urban regeneration. In many places social and economic revitalization is also essential. This situation is caused by the lack of investments and modernization of urban tissue during the last few decades, as this was never a priority for governments representing the former political system. Recently, the Polish National Government acknowledged the importance of the problem. In 2014, the bill on urban regeneration at national level was introduced and it came to power last year [2].

In the last two decades, urban regeneration has become an important part of urban policy. New financial opportunities were the engine of change in the approach to the revitalization of many cities. It also allowed for transformations of not only buildings, but also in public space. At the same time even if the number of projects concerning development of new infrastructure, both social and technical, increased, they didn't always lead to the improvement of the quality of spatial structures. The above-mentioned quantitative growth, in many cases, did not translate into integrated programs, many of the urban regeneration projects are still not using comprehensive methods and strategies. So, although in period 2007-2013, the EU funds were relatively easily accessible for single regeneration project, it was difficult to finance comprehensive and integrated programs. Construction of operational programs and limited resources led in many cases to isolated actions – so called “confetti regeneration”. The situation is changing in new programming period with introduction of ITI (Integrated Territorial Investments) and different construction of Regional Operational Programs – main tools of financing urban regeneration. But the needs are still much bigger than resources.

Although spatial policy, including urban regeneration processes, remain within the competence of the member states of the EU, the means of their implementation are more and more similar in the member states, as the result of recommendations of the EU policies on urban development [3]. At the same time, we can see common trends in the evolution of the instruments of regeneration in European countries: firstly, subsidiarity rule is resulting in the overall decentralization process. This causes that actions, and even programs are planned at regional and local level. Secondly, the gradual abandonment of fiscal instruments in favour of special purpose grants can be observed and lastly the extension of the definition of beneficiaries to entities other than public authorities was introduced.

In recent years, (more specifically up to 2006) European Funds were the driving force of many urban regeneration processes in Western Europe. Most cities benefited from the URBAN initiative, aimed directly at the regeneration of urban space, however, there were other programs that supported this process. In the next programming period, the stream of funds allocated for this purpose decreased significantly, although there are still projects financed from the EU funds.

A similar situation is taking, with time shift, place in Poland, where in 2004 a significant inflow of structural funds initiated a necessary processes regeneration of Polish cities and towns. After 2013, although the amount of funds allocated for actions related to urban regeneration didn't decrease, the priorities changed: from the single infrastructural investment towards integrated projects aimed at promoting innovation, competitiveness and cohesion, which is consistent with the direction of the EU's strategic planning (e.g. Strategy 2020 [4]).

Strength of the local economy has a significant impact on the success of the regeneration processes. Regions with higher GDP have bigger financial capabilities for the regeneration process due to the amount of collected taxes and the purchasing power of the local community, but also greater possibilities of attracting private investors, while others are more dependent on subsidies and aid. The analysis shows two ways of financing transformations in Poland: based on a realistic business plan built on a strong local economy and finding endogenic potentials (e.g. potential for tourism development or low supply of office space) or external funding (currently in Europe these are mainly structural funds). Often, this aid provides only partial financing, for example only for the technical or social infrastructure, so there is a need to create, already at the stage of programming, more complex financial montage, based also on other sources of funding and specific strategies such as increase of property value tax.

As a general trend, the end of dominance of large infrastructural projects both social and technical can be observed. There is a shift towards small-scale socio-economic and cultural activities, festivals and performances in public space.

Regeneration programs are built on the basis of projects related to the revalorization of space, but also towards projects supporting social innovations with influence on urban movements [5].

### 3. Quality of life and urban space in urban regeneration programs

Urban regeneration processes in the city centres are difficult to implement because of the scale of complexity, the number of issues they address and the number of actors and interests present there. Moreover, the multifunctionality of urban space, which is an asset, is an organizational challenge too. However, with proper planning, cooperation and coordination throughout the entire process, it may lead to the improvement of living conditions, such as the development of the public transport network. It can also add value to existing urban space and increase the quality of life for inhabitants, who are the subject of urban regeneration [6].

In Polish conditions, a major role in the processes of urban regeneration is played by public sector. Its involvement is essential in most urban regeneration projects. Only in isolated cases, private investors played a role of an operator of this process. At the same time the role of the public sector has undergone a fundamental change. It is more a catalyst and animator action than the investor funding and carrying out majority of the investments. It determines the directions of spatial policy and makes sure that the project complies with development policy objectives and priorities, but public sector is not always responsible for development process [7].

Still technical and transport infrastructural investments, which are part of comprehensive regeneration programs, are financed mostly by the public sector. We can also observe an increasing role of NGO's in the neighbourhood regeneration process, but their scope of actions is mostly limited to soft projects. Is it justifiable to raise a question whether participatory budget can fill this gap and be a source of financing for local community needs?

### 4. Participatory budgets in Poland

The first participatory budget was introduced in Porto Alegre in Brazil in 1989 [8]. This instrument came to Poland in 2011. For the first time it was introduced in Sopot, a sea resort of 30 thousand inhabitants. In the beginning there were serious concerns about the type of projects that will be submitted by the local community, but together with projects connected with modernisation of sidewalks and roads or modernisation of animal shelter, a mature project of introducing the city wide system of waste sorting won [9]. During the next year 4 other cities decided to introduce participatory budgets, in 2013 already over a dozen cities introduced or are preparing to introduce these instruments in a more or less formal way. The scope of action is not only limited to the cities, but was also introduced in Podlaskie Voivodeship on a regional level. Now even politicians seem to be astonished by how popular and well received by inhabitants those initiatives are. At the same time not many analyses of these participatory budgets were conducted.

Gerwin [10] indicates eight minimum criteria that should be fulfilled so that participatory budget can fulfil its functions: (1) residents have the opportunity to submit proposals, (2) separate envelope to the civic budget is clearly defined, (3) projects are, as far as possible, accurately priced, (4) public debates are organized, (5) projects submitted by residents are not rejected by officials because of substantial reasons, (6) projects are chosen by the inhabitants, (7) only entitled residents may participate in voting, (8) selected projects are being implemented. Even such minimal requirements are not met by all the participatory budgets in Poland e.g. in 2014 in Poznan not all the submitted project were voted, even if they met formal requirements. There was a preliminary selection done by public government employees.

### 5. Evolution of participatory budget in Gdansk

First edition of participatory budget in Gdansk took place in 2012, but it's scope was limited to one district. In 2013, this initiative was extended to encompass the whole city. Total amount of funds assigned was 250 000 Euro, which is 0.37 % of provisional budget of the City of Gdansk for 2014[11]. Twenty-seven projects out of 307 submitted were chosen. The main projects' categories are: connected with modernisation of sidewalks and roads (7 projects), new public sport and recreational facilities (open air gym, soccer or basketball fields) (another 7), improvement of the infrastructure of public primary and secondary schools (6), connected with more comprehensive urban regeneration of parks and green areas (5) and improvement of animal shelter (1). The chosen projects differ in scale, ranging from 8 000 Euro up to 300 000 Euro, but most of them were estimated at about 150 000 Euro. 57 % of voters were women, a group which is generally less active in public life in Poland. During parliamentary elections the turnout among them is from 5 to 10 % lower than among men. 13.6 % of entitled to vote took part in this election, but what is important is that these are not only the persons who usually take an active part in public life.



After the first edition of participatory budget in Gdansk, a Citizens Panel evaluating budget was constituted. Among the issues risen were matters such as: all proposed projects should include information about possible restrictions regarding public use, necessity to present the reports on the implementation of the winning projects, and the Advisory Panel should include independent experts not connected to the City Hall. By analysing those we can see that the process still need changes. After consultation with local municipality several changes were introduced: in 2015 the amount was 22% higher and divided into 2 categories. The first included projects influencing the whole city and the rest was intended for smaller projects up to 125 thousand PLN. There were also no constrains regarding topic of the project, which was the case in 2013 edition.

## 6. Results and Discussions

Analyses of structure of participatory budgets expenditures and the influence of projects on the neighbourhood and the city show that the direct role of participatory budgets on urban space is limited. The amount of money designated by the Polish cities for participatory budget is sufficient to make a more comprehensive change (normally less than 1% of city budget).

However, participatory budget is an important instrument not only because it helped to finance several noteworthy projects, but also it has a significant role in promoting public awareness. It encourages people who are not regularly taking part in public life to participate in e.g. political elections. It allows to obtain a detailed information regarding how the city operates from the inhabitants, supports the process of decentralization, and builds people's trust for the local government and its representatives.

## 7. Conclusions

If the process is organised and carried out correctly, participatory budgeting may have a visible impact on the creation of a civil society, helping to democratize decision-making process, creating a dialogue between officials and non-governmental organizations [12]. It may increase the transparency of public finance management. It shouldn't be treated as one of many tools for improving the efficiency and legitimacy of urban policy [13]. Participative budgeting is starting to be a part of city governance and as such could help to redesign the model of city management.

A key element to a comprehensive urban regeneration of the Polish towns and cities is the horizontal cooperation, the creation of broad cross-sector partnerships for the duration of the whole process: from the programming and analyses phase through the planning and realization, to its evaluation [5]. In the future, one of the courses of action will be to increase the role of public-private-civic partnerships in the urban regeneration process.

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