

AMURCON 2020  
International Scientific Conference**FACTORS OF UNEVEN DEVELOPMENT OF PARTICIPATORY  
BUDGETING IN RUSSIA**

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**Abstract**

Participatory budgeting is a form of citizen participation gaining popularity as an instrument of involving people in the decision-making process concerning local budgets. Despite the increasing demand from the residents, the development of participatory budgeting is extremely uneven across regions. This article identifies the factors influencing the development of participatory budgeting. To do that we employ the spatial approach to analyzing citizen participation in budgeting applied to static and dynamic spaces. The boundaries of participation in dynamic spaces are constantly renegotiated between the citizens and local authorities searching for new cooperation modes. As a result, all the participants begin to understand each other's interests and intentions. In static spaces, the boundaries are predetermined and applied to the participants who can either accept or reject them. We believe that the presence of rigid static spaces can inhibit the development of participatory budgeting in some Russian regions. The identified inhibitors of participatory budgeting development include the limited selection of project goals and the lack of options for citizens' participation in the regions with poorly-developed participatory budgeting. The dynamic spaces promote citizens' capacities and, consequentially, the development of participatory budgeting. Their local authorities are free to determine the form of citizen participation and project implementation typology and feature an abundance of citizen participation instruments. This approach to analyzing participatory budgeting development factors helps align local authorities' policies and directs them to increase the freedom of choice and the selection of citizen participation options for participatory budgeting.

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*Keywords:* Participatory budgeting, initiative budgeting, citizen participation, static spaces of citizen participation, dynamic spaces of citizen participation



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## 1. Introduction

In foreign countries, the introduction of participatory budgeting principles was initially seen as an instrument that should reduce poverty and promote social and economic development. The idea of community-controlled development is that the citizens had to choose the areas to spend a fraction of budgetary funds. Therefore, the lack of personal resources was compensated by obtaining additional public goods sought after by the poor (Saguin, 2018). The introduction of participatory budgeting in Russia was done for other reasons. First of all, the introduction of these principles was seen as a compulsory condition of building a democratic society (Kolesnik, 2017). The Framework on improving the efficiency of budget expenses over 2019 – 2024 describes participatory budgeting (hereinafter PB)<sup>1</sup> as one of the aspects of increasing the transparency of the budgeting process and improving the efficiency of budget expenses<sup>2</sup>

## 2. Problem Statement

Despite a relatively long history (pilot PB practices were launched in 2004), the development of PB in regions is extremely uneven. For example, the aggregate PB project funding in Bashkortostan for 2020 is about 1.5 billion rubles a year<sup>3</sup>, in Krasnoyarsk territory, the aggregate project cost was estimated at 180 million rubles<sup>4</sup>, and in Sverdlovsk Oblast, it is 10 million rubles<sup>5</sup>. The results of topic-specific surveys carried out across regions by the Center for Participatory Budgeting of the Financial Research Institute show that the regional authorities have significant difficulties with involving citizens and organizations in the decision-making process concerning budgets.<sup>6</sup> Low information support of PB in Russian regions and municipalities is also mentioned in the Framework on improving the efficiency of budget expenses.<sup>7</sup> We believe that the real causes of uneven PB development require a deeper analysis.

## 3. Research Questions

The analysis of Russian sources shows that the role of PB in the relationships between the state and the society lacks understanding, which makes it difficult to identify the true causes of uneven PB development across the regions of Russia.

The methodic systemization and classification of PB programs and practices are carried out by the personnel of the Center for Participatory Budgeting of the Financial Research Institute of the Ministry of Finance of the Russian Federation (Vagin et al., 2019; Vagin & Shapovalova, 2020). This FRI Center is an information pool that consolidates the results of surveys and polls from the regions of Russia and the quantitative development indices of PB practices. However, the majority of the research works deal with the description of PB practices in various regions (Frenkiel & Lama-Rewal, 2019; Zakharchuk et al., 2019).

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<sup>1</sup> In Russian practice, participatory budgeting is often referred to as ‘initiative budgeting’.

<sup>2</sup> The Framework on improving the efficiency of budget expenses over 2019-2024.

<sup>3</sup> <https://strategy.bashkortostan.ru/presscenter/news/281672/> <https://minfin.bashkortostan.ru/projects/71/>

<sup>4</sup> [http://ppmi24.ru/page/short\\_info](http://ppmi24.ru/page/short_info)

<sup>5</sup> <http://xn--b1aghcufyujm.xn--80acgfb1lazdqr.xn--p1ai/investitsionnye-proekty/20916>

<sup>6</sup> [https://minfin.gov.ru/common/upload/library/2019/12/main/Obzor\\_praktiki\\_i\\_rekomendatsii\\_po\\_PTS.pdf](https://minfin.gov.ru/common/upload/library/2019/12/main/Obzor_praktiki_i_rekomendatsii_po_PTS.pdf)

<sup>7</sup> The Framework on improving the efficiency of budget expenses over 2019-2024

Thus, the array of the academic publication covers the multitude of PB practices used in different regions and their features quite comprehensively, as well as the tricks of using specific participation tools (Gavrilova, 2020; Roze & Kulikov, 2017). The causes of the uneven development of PB across the regions of Russia are left out.

#### **4. Purpose of the Study**

The goal of this article is to identify the key factors in the uneven development of PB in Russian regions from the viewpoint of static and dynamic spaces of citizen participation.

#### **5. Research Methods**

To identify the development factors for participatory budgeting and the causes of its uneven distribution across regions, we used the citizen participation study approach suggested by M. Holdo. In his research, the author proposes a structure to study the dynamic and static spaces of citizen participation in budgeting (Holdo, 2020). Thinking in spatial categories is not new among participatory budgeting researchers. In this context, we shall use the definition of space by Gaventa (2006) who suggests viewing spaces for participation as specific capacities and channels that citizens can use to influence policies, participate in discussions, and decision-making concerning the problems that interest them.

According to Holdo's citizen participation structure, the boundaries in dynamic spaces are constantly renegotiated by the interested parties (citizens and local authorities) who acquire the new methods of cooperation since they come to understand each other's interests and intentions (Cornwall & Coelho, 2007). In static spaces, the boundaries are predetermined and applied to the participants who can either accept or reject them. As a result, dynamic spaces extend citizens' capacities, unlike static spaces. Thus, the more dynamic spaces are involved in citizen participation, the more actively people participate in management.

This article claims that the presence of rigid static spaces can inhibit the development of PB in a number of Russian regions. During the research, we solve a number of consecutive problems. Firstly, we use the experience of introducing PB practices in some of the regions to determine the key factors of static and dynamic PB spaces and establish which of these factors hinder the development of PB.

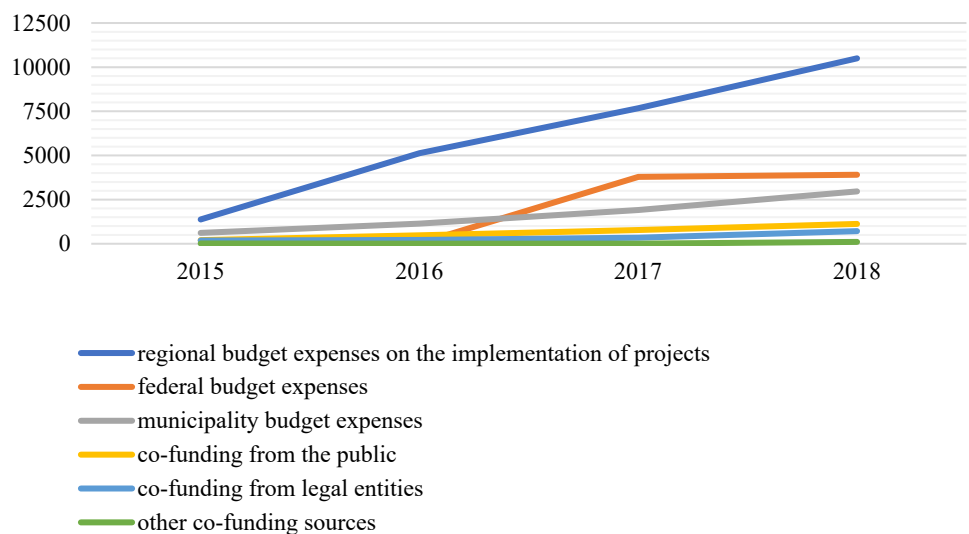
The reports on PB implementation obtained from the regions of the Russian Federation serve as the database for the research. Another information source is the reports of the Center for Participatory Budgeting of the Financial Research Institute of the Ministry of Finance concerning the best participatory budgeting practices in the regions and municipalities of the Russian Federation over 2017-2019.

#### **6. Findings**

According to Holdo's citizen participation structure, legislative restrictions, including laws regulating the PB development in regions, can be classified as classic static spaces that set boundaries and limitations for the participants of the budgeting process. This is true to some extent because each of the Russian regions adopts a special law to regulate the implementation of all the PB stages. If we look at the

situation ‘from above’ and in retrospect, we will see that the legislation in this area had the characteristics of a dynamic space up until recently.

First of all, we must note the freedom in adopting key PB documents and definitions at the regional level. Indeed, the bases of PB were not originally defined in federal legislation. PB was included in Federal Laws No. 216-FZ and No. 236-FZ only in July 2020 when the rules for the initiative implementation and support were determined and the definition of the initiative project was provided. Until then, different regions interpreted PB differently, and this abundance and freedom of interpretation led to the emergence of various specific practices (Vagin et al., 2019). As a result, the legislative freedom granted to the regions promoted a faster development of PB (Figure 1).



**Figure 1.** The index dynamics of participatory budgeting funding sources in the regions of Russia over 2015-2018 in millions of rubles

### 6.1. Static and dynamic spaces in PB practice typology

It is common practice to establish project categories within PB programs independently for each region. Within the spatial approach, the abundance of project categories and the possibility of their extension with a view to the public opinion is characteristic of a dynamic citizen participation space.

Bashkortostan is one of the leading regions of Russia by the number of projects implemented. It features 10 project categories, some of which target rural areas, and some the cities. Over five years, the most popular projects for residents have been defined: in rural areas they include road improvement, cultural facility renovation, and beautification of settlements.<sup>8</sup> Other regions where PB is rapidly gaining popularity also feature various project categories that help satisfy the needs of citizens (Table 1).

<sup>8</sup> <http://isi-rb.ru/category/tsigi/>

**Table 1.** PB implementation indices for the regions of Russia in 2019

| Region             | Regional budget grants in thousands of rubles | Number of practices implemented | Number of categories |
|--------------------|---|---------------------------------|----------------------|
| Kaluga Oblast      | 100,000,000                                   | 180                             | 16                   |
| Kursk Oblast       | 107,110,913                                   | 170                             | 8                    |
| Tula Oblast        | 500,000,000                                   | 529                             | 20                   |
| Rostov Oblast      | 272,000,000                                   | 292                             | 15                   |
| Udmurt Republic    | 84,389,070                                    | 141                             | 16                   |
| Novosibirsk Oblast | 127,760,000                                   | 207                             | 10                   |
| Sverdlovsk Oblast  | 10,000,000                                    | 23                              | 3                    |

Source: The table prepared by the author using the data from the official websites of regional authorities

The situation in Sverdlovsk Oblast is different. PB is developing slowly here, and regional laws stipulate only three areas where PB projects can be implemented. The analysis of the numbers of projects implemented shows that one of these areas is unwanted by residents (Table 1) since there was only one project implemented in three years. This confirms that local authorities do not react to the fact that the projects suggested by local laws are unwanted by the public. The citizens have a few funding area options from the very beginning, and these options are selected without considering the preferences of the public. As a result, the PB project categories in Sverdlovsk Oblast are very limited. It is an example of a static space of citizen participation, which results in low public interest in PB and its lagging development.

**Table 2.** The distribution of PB projects implemented in Sverdlovsk Oblast across categories

| Characteristics  | 2017 | 2018 | 2019 |
|--|------|------|------|
| Number of projects receiving grants:   | 7    | 19   | 23   |
| – beautification of municipal territories  | 2    | 10   | 11   |
| – purchasing equipment and software for supplementary children education organizations     | 5    | 8    | 12   |
| – developing and introducing information technologies to the municipal cultural facilities | 0    | 1    | 0    |

Source: (Derbeneva, et al., 2020)

The entire range of PB practice categories across the regions of Russia includes over 20 items from water supply to projects targeting vulnerable social groups and the disabled (Doklad o luchshei praktike razvitija..., 2019). The abundance of PB categories and the authorities' prompt reaction to civil initiatives is characteristic of dynamic space for citizen participation.

## 6.2. Dynamic and static spaces in citizen participation instruments

The dynamic or static nature of citizen participation spaces in budgeting can be manifested in the citizen participation options available: methods of application, project discussion options, and PB winner project selection mechanisms. Setting up rigid communication channels, e.g. allowing citizens to participate in the selection of projects in person, acts as a restriction or barrier.

The results of Naranjo-Zolotov research show that developing specific strategies by local authorities is an effective way to promote online participation. The authorities have to highlight the prospective benefits the public might get from using these mechanisms and encourage participants for their

contributions that have a positive effect on the community (Naranjo-Zolotov et al., 2019). This altruism can be seen as pleasure from helping the community rather than a specific person (Cheung & Lee, 2012; Hsu & Lin, 2008). Thus, the organization of such cooperation requires the establishment of a space that would organize the contact between the authorities and the public. Specific PB portals, social media for project discussion, and various forms of project voting can serve as such spaces.

In our previous research, we reviewed the regions that expand their interactions through online technologies (Derbeneva, 2020). In particular, Nizhny Novgorod Oblast and Volgograd Oblast have successfully implemented e-voting procedures based on blockchain platforms<sup>9</sup>.

## 7. Conclusion

This article shows that the regions with developed PB feature a number of factors that we viewed as dynamic and static spaces. The dynamic spaces where boundaries can be renegotiated by the residents and the local authorities include the possibility to select the category of projects to be implemented in the regions with developed PB that also select the most popular PB categories among the public. In the regions that lag behind, PB categories are a static space with limited PB project category options and the poor reaction of the authorities to the fact that some of the selected categories are unpopular, which results in the slower development of PB. Thus, to achieve the successful development of PB in such regions, it is necessary to turn the PB category space into a dynamic one.

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<sup>9</sup> <https://polys.me/ru/success-stories/voting-in-nizhny-novgorod>, <https://www.volgograd.ru/news/270494/>

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