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**DEVELOPMENT OF INITIATIVE BUDGETING IN THE**  
**REPUBLIC OF BASHKORTOSTAN**

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### Abstract

The article analyzes current trends in the development of participatory budgeting in Russia and the Republic of Bashkortostan. The process of competitive selection of public infrastructure development projects based on local initiatives was described. The results of the regional initiative budgeting projects "Our village", "Real affairs", "Bashkir courtyards" involving local people and implemented on the co-financing terms are analyzed. It was revealed that in 2020 the number of projects of the "Real Affairs" program significantly decreased due to the spread of COVID-2019. The same trend was observed for the "Our Village" program; the number of applications submitted decreased by more than three times. New directions for the development of proactive budgeting practices are offered: implementation of proactive budgeting projects based on the initiatives of schoolchildren and youth; implementation of initiative budgeting projects through the information and telecommunications network "Internet" in the face of the spread of COVID-2019; implementation of initiative budgeting projects involving historical and cultural places and expanding the tourist potential; improvement of expert consulting, creation of new communities, schools of initiative budgeting for developing initiative budgeting skills in citizens.

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## 1. Introduction

Currently, involvement of the population in the local self-government is an urgent issue. The current problems of land improvement are often ignored by the regional government; these are the repair of educational buildings, kindergartens, roads, installation of playgrounds and lighting, water supply systems, and land improvement. Initiative budgeting projects are aimed at solving these problems. Given the growing use of proactive budgeting, we can talk about a wide variety of practices based on civic initiatives and aimed to resolve issues of local importance with the direct participation of citizens in the identification and selection of objects for spending budget funds, as well as the control over the implementation of the projects.

Initiative budgeting is a set of civic-based practices aimed to solve issues of local importance with the direct participation of citizens in the identification and selection of objects for spending budget funds, as well as the control over the implementation of these projects.

Initiative budgeting appeared in the late 1980s in Porto Alegre as a form of democracy, involving the participation of citizens in choosing priorities for spending budget funds (Gavrilova, 2016).

In Russia, proactive budgeting within the Local Initiatives Support Program has been developing since 2007. Over the past 13 years, the projects have confirmed their effectiveness; by 2020, more than 69 regions of Russia implemented initiative budgeting projects. In the coming years, it is expected to involve new regions in the processes of proactive budgeting.

At the federal level, the process of creating the infrastructure for implementing proactive budgeting projects began in 2015.

Since 2015, the Ministry of Finance of the Russian Federation has been supporting the development of initiative budgeting (IB) practices in the regions of the Russian Federation.

## 2. Problem Statement

Vagin et al. (2020), Turcan (2016), Cabannes (2019), Cabannes and Lipietz (2017), Goldfrank and Schneider (2006) have contributed to the formation of the scientific base for implementing initiative and participatory budgeting mechanisms.

The results of an empirical study of the scale and indicators of participatory budgeting development were reflected in the works by Sintomer et al. (2012, 2008, 2013).

Antsyferova (2017), Sivintseva and Budnik (2018) deal with the issues of efficient budgeting based on the involvement of citizens.

## 3. Research Questions

An analysis of previously published articles showed that considerable attention has been paid to the implementation of participatory budgeting mechanisms, but the aspects of scientific and practical support for the implementation of regional participatory budgeting mechanisms remain insufficiently studied.

#### 4. Purpose of the Study

The purpose of the article is to analyze current trends in the development of initiative budgeting in the Republic of Bashkortostan and develop recommendations for improving the practice of initiative budgeting in the region.

#### 5. Research Methods

The theoretical foundations of the study of initiative budgeting practices are based on the concepts formulated in the Russian and foreign works. The sources of statistical data were official data provided by the Federal State Statistics Service of the Russian Federation, the Ministry of Finance of the Russian Federation, initiative budgeting motoring data obtained by the Institute for Strategic Studies of the Republic of Bashkortostan.

The following methods were used: the methods of comparative analysis of socio-economic processes, generalization and systematization, the logical and historical methods. In general, the choice of research methods was based on a comprehensive analysis of Russian and foreign experience in studying the practices of initiative budgeting. The use of these methods ensured the objectivity of results obtained and the validity of conclusions. The object was the processes of initiative budgeting in the Republic of Bashkortostan.

#### 6. Findings

In Russia, the main financial indicators characterizing the practice of initiative budgeting in the regions show a significant growth in the period under study (Table 01).

**Table 1.** Dynamics of financial indicators of initiative budgeting practices in the regions of the Russian Federation in 2015–2019 (million rubles)

Indicators	2015	2016	2017	2018	2019
Total cost of initiative budgeting projects	2395.0	6995.6	14501.7	19314.3	24064.2
The total amount of financial support from the budgets of all levels	1990.7	6291.9	13372.6	17371.2	21883.9
The total amount of off-budget co-financing of initiative budgeting projects from other sources, including:	404.3	703.7	1129.3	1943.1	2180.5
The amount of funds attracted from the population	205.5	478.1	776.6	1123.1	1267.3
The amount of funds raised from legal entities	182.1	218.9	344.5	714.6	811.3
Other forms of co-financing	16.7	6.7	8.2	105.4	101.9

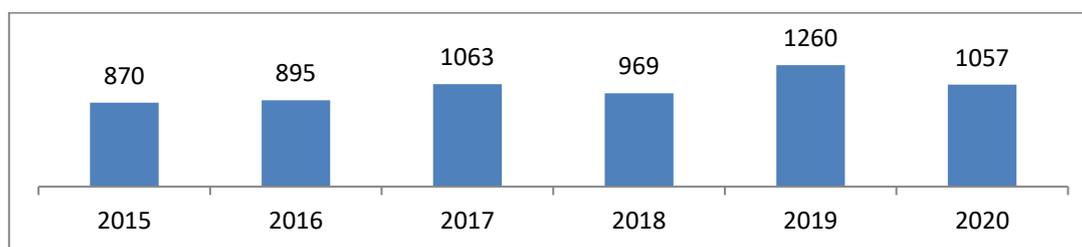
The total cost of initiative budgeting projects increased 10 times in 2015–2019 (from 2395 million rubles up to 24,064.2 million rubles). The share of budget financing varied from 83.1 to 90.9 %, respectively; the share of off-budget co-financing varied from 9.0 to 16.8 %. More than 50 % of the share of off-budget co-financing from other sources were citizens' funds. The involvement of these funds makes the projects more efficient.

In Bashkortostan, the proactive budgeting practices are recognized as one of the most successful, large-scale and well-administered projects. The most significant indicator of success is the demand and popularity of the program aimed to support local initiatives.

The republic is successfully implementing the following models of initiative budgeting:

- the "Real Affairs" project,
- the "Bashkir courtyards" project,
- the "Our Village" project.

The "Real Affairs" project is intended to provide financial support for improving the municipalities. Fig. 01 shows the number of implemented projects within this program.



**Figure 1.** The number of implemented projects "Real cases" in 2015–2020 (compiled by the authors based on data from monitoring projects of initiative budgeting in the Republic of Bashkortostan), units

In 2020, the number of projects significantly decreased due to the spread of COVID-2019. It became necessary to implement projects to support local initiatives through the Internet.

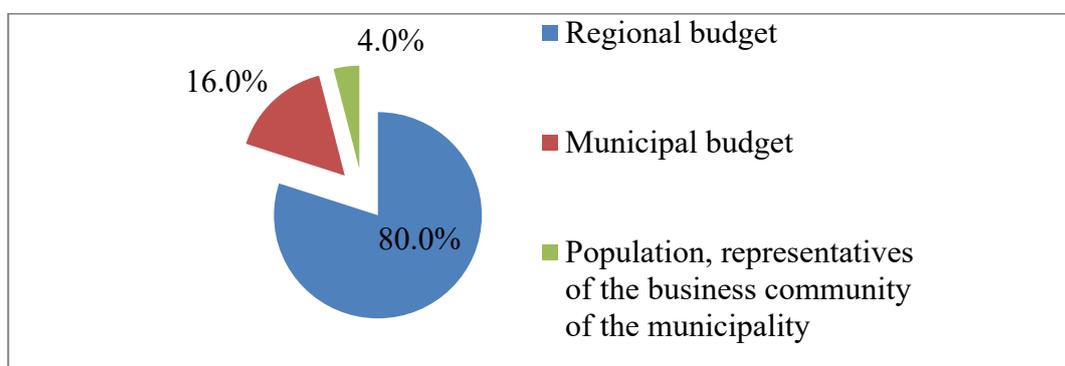
The target areas of the implemented projects concern educational institutions, rural houses of culture, etc. Table 02 shows the names of target areas in the region.

**Table 2.** Target directions for the implementation of the "Real affairs" project in the Republic of Bashkortostan in 2015–2020, (%)

Target directions	Share of the total number of projects, %
Repair and improvement of the material and technical base of municipal institutions	38
Improvement of settlements, parks, including the purchase of inventory for landscaping, water, electricity, heat, gas supply to the population, repair of sewerage	30
Purchase, installation of sports and playgrounds	18
Improvement of monuments, alleys of military glory	6
Improvement and technical equipment of memorial sites	4
Arrangement, fencing of burial places of solid municipal waste, purchase of special vehicles for the removal of solid municipal waste	2
Ensuring fire safety	2
Other	1

More than 70 % of the projects are aimed at improving the quality of local areas and house and local infrastructure. This explains the active participation of households in the implementation of projects, as they are aimed at improving the quality of life.

According to the monitoring, the total cost of the "Real Affairs" project amounted to 1,378.0 million rubles. Funding sources are shown in Fig. 02.



**Figure 2.** Sources of funding for the "Real Affairs" project in 2015–2020 (compiled by the authors on the basis of monitoring data of projects of initiative budgeting in the Republic of Bashkortostan), million rubles

Improvement of the courtyard areas "Bashkirskie dvoriki" is one more area of the initiative budgeting practice. It has been carried out in all the municipalities since 2019. The goal is to create favorable living conditions for citizens in apartment buildings and provide an accessible comfortable environment in courtyards.

The sources of funding are:

- the budget of the Republic of Bashkortostan – 94 %;
- the budget of the municipality – 5 %;
- funds of owners of apartment buildings – 1 %.

The total cost of 780 projects implemented in 2019–2020 amounted to 3,504.4 million rubles.

In 2018, the "Our Village" project was launched for rural municipalities. The project is being implemented without regional budget funds; own funds of municipal districts, rural settlements and citizens are used. The municipality independently determines parameters of the competition (types of projects, number of participants from the rural settlement, requirements, funding sources, etc.).

General information on the municipal practice is presented in Table 03.

**Table 3.** Basic information on the implementation of the municipal project "Our Village" in the Republic of Bashkortostan in 2018–2020

Parameters	2018	2019	2020
The number of municipal districts of the Republic of Bashkortostan that took part in the project	6	6	5
Number of applications submitted	50	40	12
Number of winning projects	40	33	10
Total funding	10807.9	10079.5	2882.3
Contribution of the budgets of municipal districts, thousand rubles	6624.3	6788.8	1753.4
Contribution of the budgets of rural settlements, thousand rubles	1395.6	959.7	328.2
Contribution of the population, thousand rubles	1643.3	1360.0	503.8
Contribution of sponsors, thousand rubles	1144.7	971.0	296.9

In 2020, the number of applications submitted for this program decreased by more than three times, which is associated with the spread of the coronavirus pandemic. The coronavirus pandemic has made it a priority to accelerate the digitalization of initiative budgeting: in accordance with the priority regional program “Development of initiative budgeting in the Republic of Bashkortostan”, a draft roadmap “Implementation of initiative budgeting projects through the information and telecommunication network of the Internet” is being developed.

The types of the "Our Village" projects implemented in 2018–2020 are presented in Table 04.

**Table 4.** Types of implemented projects “Our Village” in the Republic of Bashkortostan in 2018–2020

Types of projects	Number of projects, units
Water supply system (repair, equipment)	14
Improvement of playgrounds	4
Road repair	33
Improvement of monuments	7
Improvement of sports grounds	1
Arrangement of burial sites	19
Street lighting	1
Renovation of rural houses of culture	3
Repair of administrative buildings	1

It is obvious that the implementation of projects aimed at the development of public infrastructure based on local initiatives confirms a steady demand among residents of cities and villages of the Republic of Bashkortostan. This entails a thorough study of conditions for each stage of the program to support local initiatives aimed to improve the competitive selection, adapt to new socio-economic development trends.

## 7. Conclusion

The practice of initiative budgeting projects has significant economic and social effects:

- an increase in tools for solving local issues,
- an increase in the share of the population involved in local self-government processes;
- a decrease in the number of citizens with dependency mentality and an increase in the number of households participating in local development;
- households' satisfaction with the quality of social services;
- an increase in the level of public confidence in local government bodies;
- budget literacy of households;
- efficient spending of budgetary funds;
- involvement of the business community in the implementation of local projects.
- The main directions for the development of initiative budgeting practices are as follows:
- implementation of initiative budgeting projects based on the initiatives of schoolchildren and youth;
- implementation of initiative budgeting projects through the information and telecommunications network “Internet”;

- implementation of initiative budgeting projects related to the involvement of historical and cultural places and the expansion of the tourist potential of territories;
- improvement of expert consulting, creation of new communities, initiative budgeting schools for developing initiative budgeting skills in citizens.

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