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## **Participatory Budgeting in Russia – Procedural Aspects**

**Abstract:** Participatory budgeting is nowadays the most widespread instrument of participatory democracy in the world. It appears in states with an established democratic system, in countries where democracy is being broken as well as in non-democratic states. Among the countries of Central and Eastern Europe it has probably developed to the biggest scale in Poland. In second place is Russia. According to the idea, participatory budgeting procedure should be based on democratic principles which include: social justice, citizen control, education, transparency and responsibility. Comparative research has indicated that participatory budgeting may be an instrument enhancing democracy, but may also be a tool used in a wider political game. This article is an attempt to answer the question of whether the participatory budgeting procedure used in selected administrative units in Russia encourages residents to engage in local problems and strengthens democracy or on the contrary it does not bring any positive effects, giving only a false sense of democracy.

**Keywords:** participatory budgeting, participatory budgeting procedure, Russia, co-financing

### **1. Introduction**

Participatory budgeting (PB) is nowadays the most widespread instrument of participatory democracy in the world. It appears in states with an established democratic system, in countries where democracy is being broken as well as in non-democratic states<sup>1</sup>. Among the countries of Central and Eastern Europe it has

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1 N. Dias, Twenty-five years of Participatory Budgets in the World: A New Social and Political Movement?, (in:) Hope for Democracy Democracy – 25 Years of Participatory Budgeting, Nelson Dias (org) 2014, p. 21-27.

probably developed to the biggest scale in Poland<sup>2</sup>. Russia is in the second place<sup>3</sup>. Various practices arising from the administrative diversification of Russia that engage citizens in the budgetary process (e.g. Local Initiatives Supporting Programme, People's Budget and People's Initiative), cover over 50 of the 85 federal administrative units comprising the Russian Federation. The total budget appropriated to different forms of citizens' participation increased from USD 43 million in 2015 to USD 125 million in 2016. During this period the number of implemented projects increased fourfold<sup>4</sup>. Every year the participation of engaged citizens has also been rising<sup>5</sup>.

The launch of PB procedure in Russia, according to published information<sup>6</sup>, was in response to the need for citizens and representatives of authorities to work jointly in solving local problems. Creating PB basics was possible owing to the combination of political will, the need to democratise and the readiness of citizens for changes in their environment. PB procedure should be based on the idea of democracy which includes: social justice, citizen control, education, transparency and responsibility<sup>7</sup>. The practice of different countries with regard to PB procedure shows that it may be a tool of democracy leading to the success of the above principles<sup>8</sup> but may also be a tool used in a wider political game<sup>9</sup>.

Therefore, the aim of the article is to analyse the experience connected with implementing PB procedure in the region of Stavropol and in the city of St. Petersburg. This choice was based on quite original solutions used in the Russian

- 2 Y. Sintomer, A. Röcke, C. Herzberg, *Participatory Budgeting in Europe. Democracy and Public Governance*, New York 2016, p. 23; U.K. Zawadzka-Pąk, *Ustawowa regulacja budżetu obywatelskiego (partycypacyjnego) w świetle ustawy z dnia 11 stycznia 2018 r., "Przegląd Podatków Lokalnych i Finansów Samorządowych"* 2018, no. 3, p. 30.
- 3 L. Smorgunov, *Requisites for Open Budgeting: A Comparison of the 'Budget for Citizens' in Russian Regions Using QCA*, (in:) D.A. Alexandrov and others (eds.), *Digital Transformation and Global Society Second International Conference, DTGS 2017, St. Petersburg, Russia, 21-23 June 2017, Revised Selected Papers*, p. 248 and next.
- 4 Y. Cabannes, *Highlights on Some Asian and Russian Participatory Budgeting Pioneers*, April 2018.
- 5 For example: in St. Petersburg during the launch of "Your Budget" programme in 2018, 3,273 residents proposed 5,265 ideas, to compare with 2017 when 1,170 residents suggested 1,356 ideas and in 2016 580 residents participated in the project giving 766 project ideas.
- 6 V.V. Vagin, E.A. Timokhina, *25 Questions on Initiative Budgeting*, Kudrin Foundation for the Support of Civil Initiatives, Moskwa 2017, p. 5.
- 7 Y. Sintomer, C. Herzberg, A. Röcke, *Participatory budgeting in Europe: potentials and challenges*, "International Journal of Urban and Regional Research" 2008, no. 32(1), p. 164-178.
- 8 R. Abers, *Learning democratic practice: distributing government resources through popular participation in Porto Alegre, Brazil*, "The Challenge of Urban Government: Policies and Practices" 2001, no. 130; G. Allegretti, C. Herzberg, *Participatory budgets in Europe: Between efficiency and growing local democracy*, "The Transnational Institute, Briefing Series" 2004, no. 5.
- 9 S. Davidson, S. Elstub, *Deliberative and Participatory Democracy in the UK*, "The British Journal of Politics & International Relations" 2014, no. 16(3), p. 367-385; D. Kraszewski, K. Mojkowski, *Budżet obywatelski w Polsce*, Warszawa 2014, p. 5.

practice, namely: the citizens willing to participate in the works of commission implementing PB in St. Petersburg are selected by drawing lots and the projects in the Stavropol Region have to be co-financed by the citizens themselves<sup>10</sup>.

The research problem comes down to determining whether the participatory budgeting procedure used in selected administrative units in Russia encourages residents to engage in local problems and enhances democracy, or whether it does not bring any positive effects and merely provides a false sense of democracy.

To prepare this article desk research was used<sup>11</sup> mainly consisting in the overview of Russian and English professional literature as well as Russian Internet sites devoted to participatory budgeting in Russia.

## 2. Terminological Discrepancies of Participatory Budgeting

Although there is no single, commonly accepted definition of participatory budgeting, there is a general consensus of opinion regarding the minimal features by which this term should be characterised, i.e. discussion on assigning budgetary funds; the coverage of the city or other decentralised unit having elected resolution-passing bodies, determined financial resources and own administration; yearly repetitive character; particular forms of public deliberation such as meetings/forums (participation of “ordinary” citizens in classic forms of participatory democracy does not mean that PB is used); at least minimal responsibility for the effects of the PB process<sup>12</sup>. Therefore, it may be assumed after B. Wampler, that PB is a procedure closing within one year and as a result of which citizens during special meetings negotiate among themselves and with the participation of representatives of public authorities the manner of local expenditure allocation<sup>13</sup>, without assuming co-financing the projects, since the means for this aim should come wholly from the local budget.

From the research conducted for the purposes of this article arises that in the Russian practice PB procedure is named differently. “Participatory budgeting” is the most often used term to describe the analysed procedure, but also such terms as: “additional budgeting”, “proactive budgeting”, “off-budget budgeting” and “partial

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10 Additionally, the selection of the Stavropol Region was supported by the fact that in 2007 started there the first stage of works to implement PB in Russia, called Local Initiatives Supporting Programme.

11 E. Babbie, *Badania społeczne w praktyce*, Warszawa 2004, p. 340-368.

12 Y. Sintomer, C. Herzberg, A. Röcke, *Transitional Models of Citizen Participation: the Case of Participatory Budgeting*, (in:) *Hope for Democracy – 25 Years of Participatory Budgeting*, Nelson Dias (org) 2014, p. 29.

13 B. Wampler, *When Does Participatory Democracy Deepen the Quality of Democracy*, “Comparative Politics” 2008, no. 41(1).

budgeting” appear<sup>14</sup>. This diversity in terminology is not accidental. It arises from a completely different approach to the sole idea of PB than the one commonly adopted, and this in turn impacts on definition, nomenclature as well as procedure. Thus, according to the views expressed in Russian professional literature<sup>15</sup>, PB is a process of elaborating, approving and/or dividing local budget funds, whose aim is to broaden the scope of a given community’s participation in the budgetary process. This participation is evident by taking part in specially created commissions with the task to decide on the allocation of the resources allotted to them, but only on such public activities which include views of the citizens. The funds allotted come from “off-budget financing”, which consists in the obligatory or voluntary (depending on the region) subsidising of projects by the residents themselves. To sum up, from the Russian practice, the above definition of PB is the consequence of a process composed of the following elements<sup>16</sup>.

- Discussion on a part of budget specially allocated to this aim or external funds obtained (in most cases – up to 5% of the local budget).
- Obligatory participation of municipal administration representatives in the process.
- Repeated discussion (procedure may not be limited to one meeting because opinions of all parties participating in the process should be taken into consideration).
- Obligatory training and information meetings on budget, budgetary procedure, activity of local government.
- Report summarising the amount of allocated expenditure.

### **3. Project Selection Procedure and Method of Financing**

It needs to be emphasised that the scope of discussed PB procedure is limited to the analysis of solutions adopted in two different administrative units of the Russian Federation: the city of St. Petersburg and the Stavropol Region.

In St. Petersburg, the second largest metropolis in Russia, the PB process started in 2016. Currently, it takes place in 6 out of 18 city regions and what distinguishes it is the selection procedure of projects obtaining funds.

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14 M.V. Tsurkana, S.I. Sotskovab, O.S. Aksininab, M.A. Lyubarskayac, O.N. Tkacheva, Influence of the Participatory Budgeting on the Infrastructural Development of the Territories in the Russian Federation, “International Journal of Environmental & Science Education” 2016, vol. 11, no. 15, p. 4-6.

15 E. Aleksandrov, E. Kuznetsova, Participatory Budgeting in Russia: Two Experiments in Municipalities, 2015, <http://www.brage.bibsys.no> (access: 10.11.2018); V.V. Vagin, Инициативное бюджетирование: российская практика, <http://www.budget4me.ru> (access: 10.11.2018).

16 Партиципаторное бюджетирование в российских муниципалитетах (2013-2018 гг.), <https://eu.spb.ru> (access: 10.11.2018).

Every resident of St. Petersburg over the age of 18, with the exception of municipal administration employees and deputies of different levels, may submit an application within the PB procedure. To do so, they have to complete an electronic application form available on a specially provided website. The applicant describes the project and estimates the cost of its implementation. An application submitted in this way is at the same time the applicant's declaration of attendance in all stages connected with PB procedure.

Next, in every region of St. Petersburg in which residents have submitted projects in electronic form, budgetary commissions are established consisting of 20 people. Their members are drawn by lot. Therefore, the first stage is to declare the will to participate in the PB process. This may be achieved in two ways: by sending a request to participate in the works of the commission or by submitting an application with one's own project. At this stage, as stated by Oleg Pachenkov, "Your budget" project consultant, Head of the Centre for Applied Research, European University at St. Petersburg, the elaboration degree of a specific project is secondary, so only its estimated cost needs to be given. It is assumed that not all submitted projects will be implemented and the true cost of those that are will probably change during realisation due to the need for additional expenditure which may not have been reasonably foreseen at this stage. Therefore, more important is the declaration of a participant to continue works on the project, willingness to change to the nearest environment and readiness to devote their own time<sup>17</sup>.

In the second stage, on a date specified, the people who will become members of budgetary commissions are selected by lot. The precondition for taking part in the lot drawing process is personal participation in the meeting, confirming real engagement and the willingness to give time to the initiative. Personal presence also creates a sense of just and equal selection for everyone, with an indisputable and transparent procedure. Created (drawn) in this way the budgetary commission works on a selection of priority projects in particular regions of the city<sup>18</sup>. Moreover, 20 to 30 additional people are selected by lot to serve on the so-called "reserve commission" whose members have an advisory role, albeit without the possibility to vote.

Due to the fact that St. Petersburg's PB, locally called "Your budget", is still a new initiative (so far 3 editions have taken place) it is supported by a scientific team from the European University in St. Petersburg, which concentrates on organising training classes and lectures on public finance, budgetary procedure and legal regulations. Training classes are addressed to people who want to participate in PB. Additionally, every member of the budgetary commission as well as every member of the reserve

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17 E. Antonov, Любой петербуржец может построить велодорожки или открыть пункт обогрева за счет городского бюджета. Как это работает и что сделать, чтобы реализовать проект, <http://www.paperpaper.ru/tvoi-budzheta> (access: 20.11.2018).

18 V.V. Vagin, E.A. Timokhina, 25 Questions ..., *op. cit.*, p. 17.

commission is obliged to take part in weekly meetings and lectures devoted to public finance, spatial management, urban planning and the character of administrative work. Applicants who have not been selected may also participate voluntarily in the meetings. If a member of a budgetary commission fails to fulfil the obligation to participate in lectures, such a person forfeits their membership and their place is taken by a person from the reserve commission. Moreover, the duties of budgetary commission members include weekly meetings during which proposed projects are discussed and developed in terms of finance and merits. During these meetings initially suggested projects are often extensively modified or even joined with other projects. Residents of the city who have not been selected as members of the budgetary commission or reserve commission may also attend these meetings but only in an advisory capacity and without right to vote.

The third stage is to pass the projects selected by the budgetary commission to clerks from the regional administration who will finally choose the few projects to implement. At this stage they have the right to alter the projects. Although, theoretically this takes place in consultation with the author of the project, any changes introduced still have to be accepted by budgetary commission. Only then will the project obtain financing from the city budget and be implemented. However, in practice it is the clerks from the regional administration who finally decide about particular projects<sup>19</sup>. It needs to be acknowledged that this is not a typical PB solution and its application often causes dissatisfaction among project applicants. As they say, cooperation with clerks is quite difficult and is rarely based on dialogue, the more so given that they do not always understand applicants' intentions. As a consequence, sometimes innovative projects take on a very different form or are not financed. Nevertheless, despite significant difficulties on the side of administration, St. Petersburg's PB procedure does not discourage residents from participating in it. In 2018, a total of 3,288 people from 18 regions of the city registered to take part in the project, a fourfold increase on the previous year. From all who applied, 240 people representing each of the six chosen regions were drawn by lot to serve on budgetary or reserve commissions, collectively implementing 20 projects in total. Each region had 15 million roubles at its disposal. Regions were selected according to the number of projects they were able to submit<sup>20</sup>.

Besides involving rarely seen solutions regarding participation in PB procedure, Russian PB is distinguished by the manner in which selected projects are financed, consisting in a co-financing method. Russian practice is that financial resources granted by the Ministry of Finance on the regional level constitute only part of the total cost of a project, the remaining part is made up of obligatory financial contributions

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19 E. Antonov, Любой..., *op. cit.*

20 Практики прямого участия граждан в государственном и муниципальном управлении, <https://tvoybudget.spb.ru/news/187> (access: 14.11.2018).

from the local budget, from residents of a given territory and/or financial means from the private sector (so-called local entrepreneurs). Although there are no top-down set levels of subsidies, the greater the contribution is the higher the chances are that the project will be selected. With the development of this initiative, the subsidy indicator is on average ca. 10% of the project cost. The maximal value of the total subsidy (i.e. local government financial contribution, funds from residents and funds from the private sector) amounts to 31 – 46% depending on the region. The remainder comes from the regional budget. Since the start of this programme, i.e. since 2007, 500 billion roubles have been invested in the Russian budget system by citizens and the private sector, which has led to the implementation of over 3,000 projects under the PB procedure<sup>21</sup>.

The above manner of financing projects within PB has been realised in the Stavropol Region for over 10 years. Up to 2017, 300 projects were implemented and in the period 2013-2017 the value of subsidies amounted to 35.4 million roubles. In 2018 the amount was 27.6 million roubles. The increase of the obtained subsidies for local initiatives is also confirmed by participation of the private sector, whose engagement has increased from 4% to 9% of the total worth of the projects. This co-financing is the more significant, since in Russian regions the amount appropriated to PB rarely exceeds 1% of the budgetary expenses of a particular region<sup>22</sup>.

#### 4. Conclusions

The above analysis has led to the following conclusions:

Firstly, participatory budgeting, being the most common instrument of participatory democracy in the world, regardless of how it is named, is designed to engage citizens in the budgetary process and increase their participation in deciding on the allocation of funds.

Secondly, there is a noticeable increase of societal participation in local life. This is mainly evidenced by the willingness of people to devote their own time to take part in the PB procedure which, as the above analysis has shown, is connected with many duties. It also needs to be added that participants of budgetary commissions do not have any guarantee that the project on which they have sacrificed a few months of their time will be approved and implemented.

Thirdly, the rarely seen practice of obligatory project co-financing by the residents themselves also positively impacts the mobilisation of society in local issues. Moreover, the amount obtained from the residents as well as from local

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21 V.V. Vagin, N.V. Gavrilova, N.A. Sharovalova, *Инициативное бюджетирование: международный контекст российской версии*, [www.budget4me.ru](http://www.budget4me.ru) (access: 15.11.2018).

22 *Инициативное бюджетирование обсудили на всероссийском семинаре на Ставрополье*, <http://www.pmisk.ru/media> (access: 15.11.2018).

entrepreneurs to implement projects is increasing from year to year. Although as previously mentioned there are no minimal levels attached to co-financing, the availability of such funding is a necessary condition when submitting a project application. Therefore, the greater the contribution is in this regard the higher the chances are that a given project will be selected. The need for co-financing also gives rise to concerns, since it may turn out that a project which is popular and serves a valuable social need will be rejected in favour of a project of lesser significance co-financed by say a local entrepreneur. Additionally, connecting the local sector with the private sector is always controversial insofar that it may lead to bad practice, e.g. corruption.

Fourthly, it would be reasonable to expect that the solutions adopted in Russia regarding the co-financing of projects would have served to discourage society from participating in PB. However, from the analysis quite the reverse appears to have occurred. The adopted manner of financing projects apparently engages the residents to take care of their own neighbourhood, and to monitor and control progress under PB. But, on the basis of this, is it possible to say that PB is a tool implementing the principles of democracy and does the PB procedure applied in selected Russian administrative units favour democracy? It is not quite so, since the engagement and effort required of residents to participate in the procedure will unless a proper amount of funds is collected. Besides, the possibility to decide is subjected to fulfilling several duties and this is not quite the idea of PB. However, taken into consideration political context of the country where any forms of democracy have been possible for a few years, PB popularity is not surprising. And the activity of citizens in engaging in local issues as well as the division of funds, although not entirely public, is justified.

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