

# CURRENT ISSUES OF THE RUSSIAN INSTITUTION OF INITIATIVE BUDGETING IN MODERN INFORMATION REALITIES

## QUESTÕES ATUAIS DA INSTITUIÇÃO RUSSA DE ORÇAMENTO DE INICIATIVA NA REALIDADE DA INFORMAÇÃO MODERNA

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decisão para projetos de orçamento de iniciativa. Em particular, os autores fundamentam a necessidade de priorizar o objetivo de desenvolvimento da instituição de orçamento, que consiste na transformação desta estrutura jurídica da instituição da democracia participativa para a instituição da democracia direta.

**Palavras-chave:** Auto-governo local. Formas de democracia direta. Orçamentação de iniciativas.

**Abstract:** The institution of initiative budgeting, which is relatively new to the Russian legal system, aims at expanding the participation of the population in determining the direction of settlement development. The paper analyzes the main theoretical and practical legal issues related to the current decision-making mechanism for initiative budgeting projects in modern information realities. The study proposes a set of legal measures aimed at improving the content of relevant legal structures to enhance the modern decision-making mechanism for initiative budgeting projects. In particular, the authors substantiate the need to prioritize the development goal of the institution of budgeting, which consists of the transformation of this legal structure from the institution of participatory democracy to the institution of direct democracy.

**Keywords:** Local self-government. Forms of direct democracy. Initiative budgeting.

**Resumo:** A instituição de orçamento de iniciativa, que é relativamente nova no sistema jurídico russo, visa expandir a participação da população na determinação da direção do desenvolvimento de assentamentos. O documento analisa as principais questões jurídicas teóricas e práticas relacionadas com o atual mecanismo de tomada de decisão para projetos de orçamento de iniciativa em realidades informativas modernas. O estudo propõe um conjunto de medidas legais destinadas a melhorar o conteúdo das estruturas legais relevantes para melhorar o moderno mecanismo de tomada de

## 1. INTRODUCTION

The legal institution of initiative budgeting is a legal structure relatively recently introduced into the legal system of the Russian Federation by a Decree of the Government of the Russian Federation dated December 30, 2013 No. 2593-r "On Approval of the Program for Improving the Efficiency of Public (State and Municipal) Finance Management for the Period until 2018". The essence of Russian initiative budgeting, as part of the global trend of stimulating the scale of participation of the population in determining the directions of development of their settlements, consists in reserving a certain amount of financial resources in the budget of a municipality spent with the direct participation of the population.

Currently the legal aspects of the institution of initiative budgeting are analyzed mainly within the framework of financial and legal science (Ageenko, 2016; Belousov, 2016; Chulkov, 2016; Vagin et al., 2015), for representatives of which the question of the forms of public participation in the allocation of allocated budget funds is not particularly fundamental. This issue is of fundamental importance for representatives of municipal legal science since the process of real local self-government of the population can be carried out only with the direct participation of the population in decision-making on initiative budgeting projects. Such a form of interaction with the population as considering the opinion of the population removes the population of municipalities from the number of subjects directly making decisions on local issues and does not provide real democracy when it is possible with the use of modern information technologies (Cherkasov, 2018; Evsikov, 2019; Korosteleva, 2019).

Since within the framework of the institution of initiative budgeting, issues of local importance are being resolved that do not involve significant funding, such a removal of the local population from directly determining priorities in solving far from primary local problems seems very controversial. This determines the relevance of scientific research, the purpose of which is to consider the genesis and content of this problem, isolate its key components, and identify promising areas for its elimination.

## 2. METHODS

Based on the understanding of theoretical foundations and existing experience in the practical implementation of legal structures that regulate the procedure of initiative budgeting, within the framework of this study, we analyzed (using dialectical, logical, historical, and formal legal methods of scientific cognition using reference, value, systemic, functional, and informational approaches) the main legal aspects of the modern decision-making mechanism for initiative budgeting projects in modern information realities and suggested promising areas for improving the content of the analyzed legal structures.

## 3. RESULTS AND DISCUSSION

### **3.1 Role of the Population in Making Decisions on Initiative Budgeting Projects in Modern Information Realities: Problematic Issues of Theory and Practice**

The legal institution of initiative budgeting is a promising tool for the democratization of municipal management in the field of budget decision-making. Thus, the study of the experience of using the legal institution of initiative budgeting in Russia and foreign countries as an element of participation, defined as the orientation that citizens have or should have the right to vote in the process of making vital social decisions for them (Bishop & Davis, 2002), allows concluding that the legal regulation of the stage decision-making on the submitted projects does not imply a single formalized approach and aims at considering the features and uniqueness of each specific territory.

The use of Internet technologies has significantly increased in the applied practices of initiative budgeting in recent years, assuming, in a minimal version, information about the ongoing stages of initiative budgeting through websites and social networks. In the maximum version, Internet technologies provide an opportunity to organize procedures for discussion and direct decision-making by residents on submitted projects.

In the maximum version, the legal institution of initiative budgeting is transformed from the institution of participatory democracy into the institution of direct democracy, which should undoubtedly be welcomed in the context of the direction of development of the modern system of Russian local self-government.

Direct decision-making by residents on the submitted projects of initiative budgeting is currently a rather rare mechanism for selecting initiative projects for their

subsequent implementation. This is largely due to the fact that the institution of initiative budgeting was created as an element of participatory democracy, assuming only the coordination of the policy with the population (since the broad involvement of citizens improves the quality of the decisions discussed), and not the transfer of powers delegated to elected bodies and officials to citizens (Gilman, 2016).

Currently, in the practice of selecting initiative budgeting projects, the priority is not the selection mechanism based on the results of direct voting by residents of the territory where the practice of initiative budgeting is implemented and not the selection mechanism based on the vote of representatives of the population but the mechanism for evaluating projects using pre-developed and published criteria. The criteria may include the results of voting by the population, which, as a rule, do not play a decisive role in the selection of initiative budgeting projects under consideration.

The determining role in the modern Russian model of selection of initiative budgeting projects is given not to the will of the population but to the will of the members of the temporarily created collegial body – the competition commission, the legal status of which is determined by the regulatory legal act of local governments.

Such a situation, considering the direct expression of the will of the population of the municipality, is controversial since in municipal practice, relatively insignificant budgetary funds are distributed through the mechanism of initiative budgeting (in comparison with the volume of any local budget). It is not entirely clear why it is impossible, within the framework of the analyzed procedure, to directly grant the population the right to determine its priorities in solving municipal problems and making final decisions, using the mechanisms of electronic democracy. For example, if a municipality plans to carry out landscaping of the territory for the current year, and it is planned to solve the issues of installing playgrounds in a year, then the residents can change priorities through the mechanism of initiative budgeting. Thus, it is desirable for the development of self-governing principles in municipal administration that this decision be made by the population directly, and not through any intermediate bodies.

A problematic issue in the development of the modern system of initiative budgeting is also the insufficiently high-quality regulatory and legal regulation of the procedures of initiative budgeting. This conclusion can be reached for the following reasons:

1. The federal legislation does not provide a clear definition of the initiative budgeting concept, which creates difficulties with defining federal approaches and forming a unified regulatory framework for the development of this institution at the regional and local levels, assessing the content and effectiveness of implemented practices. Civic participation practices are being implemented in several regions that seem similar to initiative budgeting projects but are not.

2. State authorities of the constituent entities of the Russian Federation and municipalities are empowered to adopt regulatory legal acts on issues of budget legislation only following the provisions of the Budget Code of the Russian Federation (State Duma of the Federal Assembly of the Russian Federation, 1998), which does not contain rules governing initiative budgeting procedures and does not classify residents of municipalities as participants in the budget process, even though budgetary decisions in this area affect their interests.

3. In many respects, due to the absence at the federal level of norms regulating the procedures of initiative budgeting, currently there is no obligation for bodies and officials of municipalities to implement the recommendations adopted by citizens in the process of initiative budgeting. This, undoubtedly, does not motivate the population of municipalities to participate in the relevant procedures.

The issues in the development of the modern system of initiative budgeting include the discrepancy between the criteria for evaluating applications and the goals of the corresponding initiative budgeting project. This situation is to a certain extent due to the presence of the most diverse practice of the subjects of the Russian Federation concerning the definition of these criteria and the binding of the corresponding weight value. In practice, often the weight value of certain criteria largely does not correlate with the goals and objectives of the declared initiative budgeting projects, which objectively introduces an imbalance in the relations of all participants and levels the results of the relevant initiative procedures.

For example, if the goal of implementing an initiative budgeting project is to involve residents in decision-making at the municipal level, then the definition of co-financing of an application from the population as the most significant criterion, in our understanding, is controversial, since it does not directly contribute to achieving the stated goal and can also generate distrust to the true goals of the declared project, as well as to the authorities of a particular municipality.

In addition, our analysis of the practice of implementing initiative budgeting projects in the municipalities of the Chelyabinsk region carried out based on the Law of the Chelyabinsk region "On Some Issues of Legal Regulation of Relations Related to Initiative Projects Put Forward to Receive Financial Support from Interbudgetary Transfers from the Regional Budget" dated December 22, 2020 No. 288-ZO (Legislative Assembly of the Chelyabinsk Region, 2020) allows highlighting several controversial points:

1. Often, the value of the criterion of results of electronic voting of citizens is devalued due to the relatively small weight value assigned to it in comparison with other criteria. There are explanations for such a situation related to the problems of verification of electronic voting participants, and the possibility of multiple voting for one project, which generates distortion of the results of electronic voting. However, these problems in modern information technology development are technically solvable and it is hardly possible to agree with the low weight value of this criterion, which in practice manifests itself in the regular discontent of residents.

2. The approach of the municipal authorities seems to be controversial, according to which, when determining the support of the population for the proposed initiative budgeting project, the percentage of residents who supported the declared project is determined from the entire population of the municipality, and not from the number of residents of the part of the territory of the municipality to improve the living conditions of which the project is aimed.

3. The elaboration of the content of the criterion related to the co-financing of the application by the population raises questions since it is impossible for residents of the peripheral territories of the municipality to compete on an equal footing with residents and management companies of apartment buildings located in the central districts of the municipality in terms of financing the development of design projects for the improvement of their territories.

4. It makes sense to consider the validity of including projects related to the repair of objects associated with municipal property in the list of initiative budgeting projects since their content relates to the powers of the municipality, involving ensuring their financing from the local budget or co-financing from budgets of higher levels without the participation of citizens' funds. The implementation of such projects should involve the participation of citizens only as initiators of their implementation. The financial

participation of residents in solving issues, the solution of which is the direct responsibility of local authorities, seems to be quite controversial.

5. It is necessary to highlight the lack of normative systems for evaluating the effectiveness of implementing initiative budgeting projects as a general disadvantage of the mechanism for implementing initiative budgeting projects.

6. The criterion for evaluating initiative budgeting projects related to the relevance of the problem being solved becomes quite manipulative in the case of the transfer of decision-making powers to the competition commission of the municipality.

7. When implementing initiative budgeting projects in practice, it is quite common for local authorities to show great interest in the implementation of many projects, rather than residents, which negatively affects the development of activity and initiatives coming directly from local communities of citizens.

### **3.2 Legal Measures Aimed at Improving the Russian Institution of Initiative Budgeting**

Based on the content of the above problems, the following areas of improvement of the current legislation in the field of initiative budgeting can be proposed for discussion.

Firstly, the federal legislator needs to clearly define the normative structure of the institution of initiative budgeting (as a form of public participation in budget decision-making at the municipal level) and reflect the appropriate definition in the municipal legislation of the level of the Russian Federation, revealing the essence of initiative budgeting.

Secondly, the content of the Budget Code of the Russian Federation requires adjustments regarding the attribution of residents of a municipality to participants in the budget process and the settlement of their rights in the budget process since the adoption of budget decisions at the municipal level objectively affects their interests.

Thirdly, to normatively determine the scope of the rights of residents of a municipality to participate in the budget process, it is necessary to disclose the content of the principle of participation of citizens in the budget process, enshrined in Federal Law No. 384-FL of November 29, 2021 "On Amendments to the Budget Code of the Russian Federation and Certain Legislative Acts of the Russian Federation and Establishing the Specifics of the Execution of the Budgets of the Budget System of the Russian Federation in 2022" (State Duma of the Federal Assembly of the Russian Federation, 2021).

Fourthly, to stimulate the civic activity of residents to create innovative municipal projects through the institution of initiative budgeting, it makes sense to legislate a ban on consideration within the institution of initiative budgeting of projects aimed at solving pressing local problems that are the responsibility of municipal bodies and officials.

Fifthly, to stimulate the involvement of citizens in the processes of municipal governance, it is desirable to normalize the defining role in the modern Russian model of selection of initiative budgeting projects for the results of the direct expression of the will of the population, determined by the number of votes of residents cast for a specific project. Thus, the possibility of residents of the municipality repeatedly voting for various projects should be excluded.

Sixthly, in the context of the widespread use of information technologies, it is necessary to fix the mandatory voting on initiative budgeting projects in the online space based on a single digital platform of a municipality or a subject of the Russian Federation.

Seventhly, to stimulate the implementation of the most topical projects for the municipality through initiative budgeting, the mechanism of initiative budgeting should provide for the right of the competition commission to add additional bonus votes or coefficients put down before the voting of the population on the submitted projects, subject to the support of the relevant project by the Public Chamber of the municipality.

#### **4. CONCLUSION**

Concluding the description of the topical municipal and legal problems associated with the functioning of the Russian institution of initiative budgeting, it should be noted that this institution potentially contains significant opportunities to stimulate the civic activity of residents, which must be clearly understood and stimulated by all possible legal means. Thus, as a priority goal of its development (based on the hierarchy of goals of the modern Russian system of local self-government (Solovev, 2022)), it is necessary to determine the transformation of this legal structure from the institution of participatory democracy to the institution of direct democracy.



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