REPORT on
Best practices in initiative budgeting development in the Russian Federation regions and municipalities

Moscow
2018
SUMMARY

This publication is a review of national experience and best practices in the development of initiative budgeting in Russia up to 2018. It analyzes various practices to involve citizens in budgeting through their participation in proposing and selecting the initiatives to be financed from the budgetary funds, and the subsequent monitoring of the project implementation. The data was collected from an official survey conducted by the Russian Ministry of Finance. The original report was prepared in Russian and published on the official site of the Ministry. It is planned to be published annually. This publication may be of interest to a wide range of readers, academic researchers, government officials, specialists in IB development and other practices of citizen participation, civic activists, and all those who are interested in democratic processes taking place in local communities in Russia.

The report has been jointly prepared by the Department of Budget Methodology and Public Sector Financial Reporting and the Center for Initiative Budgeting at the Scientific Financial Research Institute of the Russian Ministry of Finance.

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INTRODUCTION

Since 2015, the Russian Ministry of Finance (MoF), to ensure the openness and transparency of state and municipal financial management, has supported the development of initiative budgeting (IB) in Russian regions.

The Center for Initiative Budgeting established in the Scientific Financial Research Institute (NIFI) of MoF regularly holds educational events on IB and on the dissemination of the best practices of Russian regions and municipalities, and provides research and analytical support to IB development in Russia.

Many Russian regions have succeeded in enhancing their citizens’ involvement in budgeting decisions thanks to their participation in the MoF federal project ‘Strengthening Initiative Budgeting in Russia’, which was implemented in cooperation with the World Bank. The project facilitates the launch and delivery of regional IB programs, develops regional project centers (PC); creates an efficient environment to share experiences and to build up a community of IB experts and practitioners; integrates Russian practice into an international context; and shares project outcomes.

As part of the project, 19 events involving more than 1,300 people were held in 2017 for Russian regions, including an orientation seminar for new participants; two thematic workshops on specific IB issues; four information seminars for regions; and 12 regional events for new project participants. Beginning in 2018, regular video conferences have been organized with regional financial authorities and the Federal Treasury.

In 2017, to support the development of IB, the MoF Working Group for the ‘Citizen Budget’ project designed the Program for Developing Initiative Budgeting in Russia, approved by the Government Commission on Open Government. The program’s objective is to determine a set of state regulations and activities to develop IB in every region of the country. The role of MoF was to coordinate, at the federal level, the actions of all the participants involved in developing IB.

In March 2018, the program’s activities became part of the MoF State Program on Public Finance Management and Financial Market Regulation in the following areas:

- the development of a regulatory and legal framework for IB;
- the support and regulation of IB development;
- the creation of an institutional infrastructure for IB development at regional and municipal levels;
- information support for IB development; and
- the monitoring and evaluation of IB programs and practices.

Russia’s experience in enhancing citizen participation in determining the priorities for budgets has been commented on internationally. This year, Russia’s experience was published as a best practice for the first time in Hope for
Democracy. 30 years of Participatory Budgeting Worldwide. In 2018, also for the first time, IB program of the Sakha Republic (Yakutia) reached the final of the international competition ‘Best Practice in Citizen Participation’ involving 95 countries, held by the International Observatory on Participatory Democracy (IOPD).

A number of events with MoF participation have helped promote awareness of Russian IB practices, including the panel session ‘Open Budget and Initiative Budgeting as Tools to Improve Budget Spending Efficiency’ held on September 8, 2017, as part of the Moscow Financial Forum; the first international BRICS forum on Citizen Engagement in Social Infrastructure Development, held in Ufa (the Republic of Bashkortostan), September 21–22, 2017.

The Committee on Budget and Financial Markets of the Federation Council of the Federal Assembly has actively supported work to enshrine IB fundamentals in federal legislation. A draft federal law has been prepared by MoF on Amendments to the Federal Law on General Principles of the Organization of Local Self-Government in the Russian Federation. Provisions regulating the inclusion and use of IB payments in local budgeting have been included in the draft of the Russian Budget Code (revised version).

In July 2018, a working group to finalize the draft federal law with representatives from federal and regional authorities, as well as local governments and the expert community was set up.

According to information on the implementation IB practices in 2017 from the regional executive authorities, in 57 Russian regions, a total of 14.5 billion rubles was spent on projects selected with the involvement of citizens. Regional budgets are estimated at 7.7 billion rubles (5.1 billion in 2016), with co-financing from individuals and businesses estimated at 1.1 billion rubles (0.7 billion in 2016). The total number of projects (including those continued in 2018) was 15,942.

This report is based on an analysis of the data provided by the regional executive authorities on the implementation of programs and practices to involve citizens in identifying budget priorities at the local level in 2017.

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2 Electronic publication Hope for Democracy. 30 years of Participatory Budgeting Worldwide: https://www.oficina.org.pt/hopefordemocracy.html
1. Overview of initiative budgeting development in the Russian regions

In 2018, the executive authorities of 75 Russian regions\(^3\) sent their responses to a MoF survey about IB practices, including some open responses about plans to start IB, the absence of IB, or use of IB-allied practices (self-taxation, electoral mandate and others).

Fifty-seven of the responses contained all the information requested by the MoF. However, the questionnaires informing of IB for the budget cycle of 2018 (Amur, Orel, and Tomsk Regions; some practices in Krasnodar and Kemerovo Regions) have not been used in this report and are to be used in the following monitoring cycle.

In this report, IB practice is understood as involving citizens in budgeting decisions and enshrining the practices in the regulatory and methodological documentation of a region or municipality.

Through the analysis conducted by NIFI for the formation of the best IB practice database, 38 practices from 33 regions have been selected, taking into account the following criteria:

- direct citizen involvement in initiating projects;
- citizen participation in the discussion and prioritization of proposed projects;
- competitive project selection;
- opportunity to participate in project delivery;
- open public procedures and public control of the project delivery.

The monitoring data for recent years shows a significant increase in the number of IB practices in 2017 compared to 2016 (18 practices) and 2015 (17 practices).

According to the analysis of 2017, 21 regions implemented more than one practice involving citizens in budgeting decisions. In 11 regions, they have 3 or more practices at regional and municipal levels: the Republic of Bashkortostan, the Komi Republic, Kemerovo, Kostroma, Kurgan, Krasnodar, Leningrad, Orenburg, and Tambov Regions, the Republic of Tatarstan, and Khanty-Mansiysk Autonomous Okrug-Yugra.

Every region has a specific approach to organizing IB. The Russian regions with long experience of IB development, such as Stavropol Region, the Republic of Karelia, Tver, Tula, and Nizhny Novgorod Regions, continue developing their

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\(^3\) The territory of the Russian Federation is divided in 85 regional administrative units, basically of 5 types, including 22 republics, 46 oblasts (region), 9 krais (region), 1 autonomous oblast (region), 4 autonomous okrugs (region), and 3 federal cities (Moscow, St. Petersburg, and Sevastopol).
practice, which has had regulatory and methodological support at the regional level.

Kirov Region, the Republics of Bashkortostan and Komi, Ulyanovsk and Orenburg Regions have developed a set of different practices and are introducing new approaches both at the regional and municipal levels.

Municipal practices in the cities of Sosnovy Bor (Leningrad Oblast) and Cherepovetsk, which launched earlier than regional programs, continue developing and have become more sustainable since their inception. In Khanty-Mansiysk Autonomous Okrug and Kemerovo Regions, IB development takes place primarily at the municipal level. In Penza and Lipetsk Regions, IB develops through municipal projects.

IB implementation in St. Petersburg has unique methodological features, as it is carried out directly by the city authorities. The Moscow authorities are currently introducing practices to involve citizens in the governing process, using internet solutions.

The total budget for the projects selected with citizen involvement or their opinion taken into account 2015–17 is outlined in Table 1.

Table 1. IB financial figures of the Russian regions in 2015–17, million rubles

<table>
<thead>
<tr>
<th>Parameters</th>
<th>2015</th>
<th>2016</th>
<th>2017*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total budget of the projects, including:</td>
<td>2,395.0</td>
<td>6,995.6</td>
<td>14,501.8</td>
</tr>
<tr>
<td>Regional budget funds</td>
<td>1,375.8</td>
<td>5,132.6</td>
<td>7,678.9</td>
</tr>
<tr>
<td>Total co-financing from other sources, including:</td>
<td>1,019.1</td>
<td>1,863.0</td>
<td>6,773.7</td>
</tr>
<tr>
<td>Federal budget**</td>
<td>n.a.</td>
<td>22.3</td>
<td>3,782.7</td>
</tr>
<tr>
<td>Municipal budget</td>
<td>614.9</td>
<td>1,137.0</td>
<td>1,926.3</td>
</tr>
<tr>
<td>Population</td>
<td>205.5</td>
<td>478.1</td>
<td>776.6</td>
</tr>
<tr>
<td>Businesses, legal entities</td>
<td>182.1</td>
<td>218.9</td>
<td>344.5</td>
</tr>
<tr>
<td>Other</td>
<td>16.7</td>
<td>6.7</td>
<td>8.2</td>
</tr>
<tr>
<td>Total amount of extra-budgetary funds (population, business, and other)</td>
<td>402.2</td>
<td>703.7</td>
<td>1,129.3</td>
</tr>
</tbody>
</table>

* the calculations for 2017 were made by NIFI based on the data of the MoF survey covering 57 Russian regions;

The data shows both an increase in budgetary funds for IB projects (by 47.1% in 2017 compared to 2016), and the citizen contributions in co-financing project delivery (by 61.5%).

The IB survey in 2017 included a point on the share of IB allocations in the regional budget, identifying the leaders in the area. The largest proportion of budgetary funds allocated for IB purposes were in Yaroslavl Region – 1.04%, Tula Region – 0.53%, and Kirov Region – 0.45%.

Both in 2017 and in 2016, citizens primarily prioritize road construction, water supply, playgrounds and public space improvement projects. 2017 saw an increase in the share of projects to improve cultural facilities and library services, fitness and mass sports facilities. Fire protection measures, waste and garbage collection, and street lighting were less often selected compared to 2016.

Table. Types of IB projects implemented in Russian regions in 2016–17 (%)

<table>
<thead>
<tr>
<th>№</th>
<th>Types of IB projects</th>
<th>2016</th>
<th>2017*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water supply, waste water disposal systems</td>
<td>11.0</td>
<td>10.7</td>
</tr>
<tr>
<td>2</td>
<td>Roads and roads infrastructure</td>
<td>14.5</td>
<td>14.9</td>
</tr>
<tr>
<td>3</td>
<td>Street lighting</td>
<td>8.7</td>
<td>4.0</td>
</tr>
<tr>
<td>4</td>
<td>Primary fire-fighting appliances and measures</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td>5</td>
<td>Centers for consumer and personal services</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>6</td>
<td>Cultural heritage (sites and museums)</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td>7</td>
<td>Educational and cultural institutions plus public library centers</td>
<td>11.7</td>
<td>19.8</td>
</tr>
<tr>
<td>8</td>
<td>Fitness and mass sport facilities</td>
<td>4.6</td>
<td>6.8</td>
</tr>
<tr>
<td>9</td>
<td>Children playgrounds</td>
<td>8.8</td>
<td>8.5</td>
</tr>
<tr>
<td>10</td>
<td>Public recreation places and territorial improvement facilities</td>
<td>18.1</td>
<td>18.9</td>
</tr>
<tr>
<td>11</td>
<td>Cemeteries</td>
<td>3.7</td>
<td>4.0</td>
</tr>
<tr>
<td>12</td>
<td>Solid municipal/domestic waste and garbage collection</td>
<td>5.3</td>
<td>0.8</td>
</tr>
<tr>
<td>№</td>
<td>Types of IB projects</td>
<td>2016</td>
<td>2017*</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------------------------------------------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>13</td>
<td>Event projects (festive occasions and festivals)</td>
<td>4.6</td>
<td>0.2</td>
</tr>
<tr>
<td>14</td>
<td>Housing and public utilities (repair of facades and roofs), heat supply, waste water disposal systems, and gas pipelines</td>
<td>n.a.</td>
<td>2.7</td>
</tr>
<tr>
<td>15</td>
<td>Large infrastructure projects (bridges, dams)</td>
<td>n.a.</td>
<td>0.0</td>
</tr>
<tr>
<td>16</td>
<td>Acquisition of equipment, machinery, and vehicles</td>
<td>n.a.</td>
<td>0.3</td>
</tr>
<tr>
<td>17</td>
<td>Other</td>
<td>4.0</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

* calculations made by NIFI using data of 38 practices from 33 regions

The 2017 survey also contained newly introduced questions on project selection, the verification of citizen participation, the number and share of citizens participating in all procedures, the number and share of project beneficiaries, and the calculation methods used.

On average, the IB practices used two project selection mechanisms with direct and/or indirect citizen involvement. In some cases, there were more mechanisms; it normally depended on the applied methodology but, to an even greater extent, on the IB organizers’ willingness and ability to use various involvement mechanisms to broaden citizen participation in the selection process.

Independent competitive project assessment, using a set of predetermined criteria, was applicable in 27 practices; direct general voting of community meeting participants was used in 24 practices. There were 8 cases of using the internet to organize voting for the projects. In 5 cases, the procedure used voting by citizen representatives at budgetary commissions. In Samara Region, a referendum mechanism was used for that purpose. There were 4 more mechanisms described by the respondents beyond those given in the survey, such as the mechanism of ‘people’s voting’ in ‘I Plan the Budget’ project in the city of Sosnovy Bor, using a public hearing format where initiative commission members presented their projects to the hearing participants followed by the general vote according to a formalized methodology.

To verify citizen participation in project selection, the organizers commonly use the minutes of the meeting and occasionally the presence of IB consultants or video/audio recording of the meetings. In some cases, software was used to verify participation in internet voting.
The methods for calculating and estimating the number of project beneficiaries are very diverse. Most often, regional authorities rely on statistical data of the number of residents in municipalities and settlements where projects are selected and implemented. However, the most accurate results are provided by the beneficiary calculation methodologies based on the project applications when this indicator envisages a separate scoring (i.e. as in the methodology of Local Initiative Support Program).

Some cases demonstrate a more in-depth elaboration of determining the number of IB project beneficiaries. Among them, the methodology within the ‘People’s Budget’ program in Komi Republic distinguishes between direct and indirect beneficiaries. For example, for a street repair, direct beneficiaries are the residents of that and adjacent streets who regularly walk or drive there, and indirect ones are all residents of the municipal entity (settlement) or of a part of settlement (neighborhood, quarter).

In order to disseminate the best practices in IB implementation in Russian regions and municipalities, this report presents 11 examples of the practices showing the best results in 2017 according the following criteria:

- the share of funds allocated for IB in regional budgets;
- the number of IB project beneficiaries;
- an integrated approach to IB development;
- citizen participation in meetings to propose IB projects;
- increasing budgetary literacy of IB participants;
- the broad involvement of citizens in decision-making;
- support infrastructure for IB programs;
- an IB information campaign;
- IB visual identity design;
- the implementation of income-generating projects within the IB program;
- the organization of IB in a particular municipality.
2. Best IB practices in the Russian regions in 2017

2.1. Financing from regional budgets

Based on the analysis of the MoF’s survey responses, Yaroslavl Region shows the highest figure for IB project financing from the regional budget in 2017.

In 2017, 443.8 million rubles from the Yaroslavl Region budget were allocated for IB projects, which was 1.04% of the total regional budget. The total cost of all projects implemented in 2017 was 718.2 million rubles.

IB started developing in Yaroslavl Region in 2015 when, as part of the preparations for the region’s 80th anniversary, a project called ‘Let’s Beautify Our Region towards the Jubilee!’ was launched and then continued in 2016. The total budget for the project was 1.8 billion rubles, and 1.6 million rubles came from the regional budget. The interest of the regional MoF in IB development was supported by the regional administration making possible the governor’s project ‘Making Joint Decisions!’ in 2017.

‘Making Joint Decisions!’ has the status of a regional priority project according to the governor’s decree. The regional Public Relations Department acts as the contracting authority for the project, and the regional MoF took the responsibility for its implementation.

Three regional departments, including, culture, public relations, and housing became the main operators of the budget funds. The Governor’s project is included in the regional program ‘Local Self-Governance in Yaroslavl Region for 2015–20’ within two main activities: ‘Developing a modern urban environment and improving public recreation spaces in Yaroslavl Region’ and ‘IB development in Yaroslavl Region’, as well as in the targeted program of the Culture Department for 2017 and the planning period of 2018–19.

IB development in Yaroslavl Region draws on both regional budget funds and funds from the Russian Ministry of Construction’s priority project ‘A Comfortable Urban Environment and Housing’. The subsidies from federal budget were 206.5 million rubles – 28.8% of the total budget for IB project in Yaroslavl Region in 2017. Subsidies from the regional budget represented 61.8% and contributions from municipal and extra-budgetary sources 9.5%.
Among 500 projects implemented in 2017, 232 related to public recreation spaces and territorial improvement and 209 projects were in the education and cultural sectors.

The project office based in the ‘Council of Municipalities of Yaroslavl Oblast’ was established to support priority project implementation. The office has 4 permanent employees and 24 people were employed part-time to ensure citizen participation in public meetings and to work on-site. According to the organizers, there were 550 public meetings gathering 120,879 people in 2017.

An awareness campaign in the mass media and on municipal web sites was an important part of the implementation of the governor’s project. A special logo and internet portal for ‘Making Joint Decisions’ (www.vmeste76.ru) were designed for project news. The portal provides information on project delivery through an interactive map visualizing the project sites with detailed descriptions, images, and a feedback option. In 2018, the organizers plan to launch internet voting to select the territories for improvement work.

Typology of the projects implemented within 'Making Joint Decisions!' in 2017

- Water supply, waste water disposal
- Roads
- Education, culture, libraries
- Fitness and mass sport
- Public recreation spaces and territorial improvement
- Solid municipal/domestic waste and garbage collection

Capital repair of Brigantina Youth Center in the city of Danilov, Yaroslavl Region

Brochure for ‘Making Joint Decisions!’ project

A new playground in the village of Ignatsevo, Pervomaysky municipal district
2.2. Number of IB project beneficiaries

Based on the analysis of the MoF’s survey responses and using a special methodology, Kirov Oblast shows the highest rate of IB project beneficiaries in 2017 – 65.4% of the total number of citizens in the region.

The Local Initiative Support Project (LISP) was launched in Kirov Region with the support of the World Bank in 2010. LISP activities were included in the regional program ‘Promoting Civil Society Development, Supporting Socially Oriented Non-Profit Organizations and Strengthening National Unity 2013–20’. Throughout the entire period, the regional Ministry of Social Development has been responsible for its implementation.

The social orientation of the ministry has, to a large extent, determined the methodology ensuring opportunities to participate in IB project for all residents in the region. Participation has been secured through a combination of four competition types for all municipalities with their different projects, procedures, and financing. Participants can choose a competition version relevant to their project delivery.

In Kirov Region, IB organizers, for the first time, identified target groups for IB projects. In the competition for cities, projects are selected by the target group of citizens defined by their place of residence (e.g. residents of a particular
neighborhood, an apartment building or group of buildings, territorial public self-government (TPSG)\(^4\), and residence associations) or by social position (e.g. disabled people, veterans, children), including participation of socially oriented NPOs. The application evaluation criteria for ‘city’ and ‘dacha’ competitions include the number of direct IB project beneficiaries.

The evaluation criteria is based on the public meeting format. For settlements and districts, it is a community meeting (according to Article 29 of Federal Law No. 131\(^5\)), a conference of citizens or a meeting of delegates (Article 30, Federal Law No. 131), and the approval of citizen survey results (Article 31, Federal Law No.131). For city and dacha partnerships (horticultural associations), it is a meeting of a self-organized group of citizens in accordance with their charter (a condominium association, NGO, etc.). Thus, the assessment of both the participation in project identification and the number of beneficiaries relies on verifiable and well-documented mechanisms.

LISP organizers in the region consider projects addressing local needs as investment programs. This view determined the approaches to the project scope and evaluation. The key features are the estimates of project beneficiaries, the economic and social feasibility of the budget, and priority areas. The evaluation is based on a combination of objective and subjective criteria allowing for a comprehensive evaluation with regard to financial, statistical, and social conditions in a particular municipality. The detailed list of criteria is unique among all IB practices analyzed by MoF.

The characteristics and values of indicators estimating citizen involvement

(LISP in Kirov Region, 2017)

<table>
<thead>
<tr>
<th>Criteria for citizen involvement</th>
<th>Competition for cities</th>
<th>Competition of districts and settlements</th>
<th>Competition for municipal entities and dacha NPOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement of the population and organizations operating in municipalities to identify the problem to be addressed in the project delivery</td>
<td>43 of 100 total, including</td>
<td>41 of 100 total, including</td>
<td>46 of 100 total, including</td>
</tr>
</tbody>
</table>

\(^4\) Self-organization of citizens by their domicile in part of the settlement territory, urban areas in federal cities, and municipalities taking charge for independent implementation for their own initiatives in addressing local issues.

<table>
<thead>
<tr>
<th>Criteria for citizen involvement</th>
<th>Competition for cities</th>
<th>Competition of districts and settlements</th>
<th>Competition for municipal entities and dacha NPOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement of the population in identifying the problem and developing the project, according to the consultants’ report and/or the record of the public meeting’s record</td>
<td>12</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Co-financing of the project by the population</td>
<td>13</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Co-financing of the project by legal entities (sponsor support)</td>
<td>13</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>In-kind contributions by the population (volunteering, supplies, etc.) to the project with appropriate documentary evidence</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other partners involved in the project implementation</td>
<td></td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

One of the key success factors for IB development in Kirov Region is the well-organized consultation and methodological support, including from ministry specialists, at every implementation stage.

The Kirov regional project office of IB consultants (6 persons) provides support in organizing and conducting public meetings to identify local issues for participation in further competitive selection.

Consultants ensure the quality of applications, help participants estimate project beneficiaries, take part in public meetings and may add 2 points to the evaluation of citizen involvement in identifying the problem to be addressed in the application. Along with the consultants’ presence at the meetings, verification is carried out through photos taken and participant registration lists. In total, 177,172 people took part in 643 public meetings to identify urgent local issues in 2017.

Thanks to the mechanisms employed, in 2017, according the survey data collected by LISP organizers, there were 844,500 project beneficiaries in Kirov Oblast. Project statistics have been collected since 2010.

The management information system integrated with the official website of the Ministry of Social Development helps collect detailed annual statistics on each type of competitive selection, examines the efficiency of municipal participation in LISP, and presents rankings. Every year, the program’s methodological tools, including evaluation criteria, are updated. Regular monitoring tracks the value of the subsidies.
2.3. An integrated approach to IB development

Initiative budgeting in the Republic of Bashkortostan

Based on the analysis of the MoF’s survey responses, the Republic of Bashkortostan has the largest number of practices and management mechanisms implemented at the regional level, resulting in the best dynamics of IB indicators in Russia.

In Bashkortostan, IB is a strategic tool to develop self-governance. The regional administration commends the efficiency and social impact of LISP implemented in the republic. IB development is one of the priorities within the Development Strategy of the Republic toward 2030 (Strategy-2030). IB supports people to take responsibility for improving the situation in their cities and rural areas and to take practical steps to better their community life and the territory.

Indicators for Strategy-2030:
1. By 2030, 10% of the population of the Republic is to be involved in IB projects.

2. By 2030, 10% of the consolidated budget is to be spent using IB mechanisms.

Strategy-2030 objectives require an integrated approach, which is being developed by the Institute of Strategic Research at the Republican Academy of Sciences acting as a LISP operator and authorized organizer of competitive selections. The Institute is currently developing a regional priority program for 2022, including the IB mechanisms already in use and new IB practices developed on site or adapted from the best practices of other areas. One of the IB implementation tools developed on-site is the IB management school for local self-government bodies and initiative groups working to increase IB project efficiency; another tool included in the priority program is an information system for IB management.

In 2017, the total budget of IB projects was 774.9 million rubles, the projects were selected and supported financially by citizens within the following practices:

1. LISP, launched in 2014 in cooperation with the World Bank, was scaled up to cover the entire republic in 2016; the list of possible projects was extended to include local social facilities beyond the municipality responsibilities (such as kindergartens, schools, and cultural institutions). Since 2018, the annual budget has been 300 million rubles.
2. The ‘Practical Action’ program evolved from a project of the United Russia political party, with a special implementation mechanism of ‘deputy mandates’ (2015). In 2017, the project received 174.9 million rubles of budgetary support.

3. The ‘Ufa Courtyards’ pilot project transformed in 2018 into a special program ‘Bashkir Courtyards’ to develop business infrastructure in urban districts. The pilot project in Ufa received a 200 million-ruble subsidy from the republic’s budget and 37 million rubles from the Ufa city budget. In 2018, the program budget was 300 million rubles.

IB practices, however variant, are implemented on similar principles – projects are chosen by citizens at public meetings; along with subsidies from regional to local level, co-financing from municipalities, local residents and business is necessary; selections are made using formalized criteria; proportions of project budgetary and extra-budgetary financing are fixed (75/15/10); and there is a focus on brick-and-mortar public infrastructure.

Bashkortostan is now looking for opportunities to scale up IB implementation and to develop new practices. New developments include promoting special practices to support income-generating projects using IB mechanisms in agriculture (i.e. equipment purchase through cooperatives), in order to retain the economically active population in rural areas and to increase the investment attractiveness of the territory and revenues of local budgets. The ‘Our Village’ project has been implemented since 2018. The table below presents an overview of the main practices.

### Comparative characteristics of IB practices in Bashkortostan

<table>
<thead>
<tr>
<th>Practice</th>
<th>LISP</th>
<th>Practical Actions</th>
<th>Ufa/Bashkir courtyards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of launch</td>
<td>2014</td>
<td>2015</td>
<td>2017</td>
</tr>
<tr>
<td>Responsible authority</td>
<td>Ministry of finance</td>
<td>Secretariat of the National Assembly (Kurultai) Administration of municipal and urban districts</td>
<td>Ministry of Housing and Public Utilities</td>
</tr>
<tr>
<td>Type of municipal entities (ME)</td>
<td>All ME (100%)</td>
<td>Municipal and urban districts (100%)</td>
<td>From 2018, 100% of urban districts and single-industry urban settlements</td>
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</tbody>
</table>
To scale up IB in the Republic, the organizers study opportunities to attract new target audiences – school students and NGOs. The launch of pilots for those projects is planned for 2019–20. Future plans include using the internet and television to increase citizen involvement in IB projects.

2.4. Citizen participation in meetings to propose IB projects

Local initiative support program in the Republic of Sakha (Yakutia)

The Republic of Sakha is noted for its efficient mechanisms ensuring broad citizen involvement in the events identifying urgent issues to be addressed and for the significant contribution of citizens in financing IB projects.

A pilot LISP IB project started in Yakutia in 2016. The regional MoF was placed in charge of providing regional budget subsidies to local budgets to co-finance local IB projects for public infrastructure, and to organize the competitive selection of projects.

The Yakutia Government Decree chose 5 municipal entities to participate in the experiment: Khangalas, Ust-Aldan, Verkhnevilyuysk, Churapcha
municipalities (ulus), and Zhatay urban district. In total, 101,500 people lived in those 5 municipal entities in 2017.

There were geographical difficulties for citizen participation in meetings to formulate IB projects. Yakutia is one of the biggest regions of Russia, it has a territory of 3.1 million square kilometers and includes the capital city of Yakutsk, 34 municipalities, and 2 urban districts; there are 409 small administrative units. The republic has 3 time zones and winter can last for 7–9 months.

However, the IB organizers managed to exceed the project benchmarks. According to the Sakha MoF, the level of citizen involvement in identifying local problems was 11.74% of the total number of participants, above the 9.2% pre-planned level.

Preliminary meetings and discussions in the 5 participating municipalities brought together 25,738 people, and in there were 9,415 people at the final meetings. At these final meetings, citizens selected the projects to participate in the competition and IB consultants supported the meeting organization.

The organizers actively used national media and disseminated information via WhatsApp to faraway settlements. Thanks to the groups created in social networks, residents of remote villages got messages very quickly. The meetings were often accompanied by local folk group performances. Local activists organized children’s drawing contests in support of their projects, the organizers took it into account as another confirmation of the urgency of the projects. Competition applications included minutes of the meeting identifying project parameters, questionnaires identifying the problem in the course of its preliminary consideration, registration sheets recording the number of final meeting participants, photos, videos, and copies of information materials.
In total, 208 initiatives were discussed and proposed for the competition, 56 projects were accepted, and 32 projects were supported. The most popular were projects to outfit sports grounds, territorial improvement and the removal of unauthorized rubbish dumps. The republican budget allocated 32 million rubles for the program. The maximum subsidy per project was 1 million rubles and 1.5 million rubles for Arctic and northern areas. The total budget for all the winning projects was 53.13 million rubles. Contributions from local budgets was 17.31%, and 22.71% from people and businesses, above the preset minima of 3% and 5% respectively. Every ruble of the budget subsidy attracted 38 kopecks of citizen co-financing.

The share of beneficiaries in the total population was a criterion to evaluate the social effectiveness of IB projects. According to the organizers, the 74,000 IB project beneficiaries was 74.7% of the total number of residents in the pilot project territory, and 7.68% of all Republic residents.

In 2018, LISP scaled up to all districts of the Republic, and IB project subsidies increased from 32 to 500 million rubles.
2.5. Increasing the budgetary literacy of IB participants

Project ‘Your Budget’ in St. Petersburg

As part of the ‘Your Budget’ project, a special educational module on budgeting process was developed and integrated into IB practice in St. Petersburg.

St. Petersburg was the first federal city to implement IB. The project was initiated by the St. Petersburg Finance Committee. One feature of the methodology applied is that some city budget funds are distributed by budget commissions formed through a random selection of the citizens who applied to participate. Another feature is the opportunity for the organizers to fund and realize nonstandard citizen initiatives.

A meeting of the budget commission

‘Your Budget’ was launched as a pilot project in 2016 in Vasileostrovsky and Central administrative districts. In 2017, more districts joined, including Admiralteysky, Moskovsky, and Petrogradsky districts. In 2016, 580 residents took part in ‘Your Budget’ and submitted 766 initiatives, 16 of which were supported. Next year, 1,170 people submitted 1,356 initiatives to develop the urban environment and 17 projects received funds as a result of budget commission voting.

In Admiralteysky district it was decided to create a bike lane from Admiralty canal to Gorokhovaya street, bike racks at social facilities, a shower station for the homeless, and ramps onto the Kashin bridge. Moskovsky district selected projects
for the improvement of the ‘Friends’ library’ park and a courtyard on Frunze Street. Vasilyevsly Island created a bike lane, repaired the local library hall, and organized an awareness campaign on separating garbage collection; in Central and Petrogradsky districts the budget commissions voted to install a memorial plaque to Nikolay Pirotsky, the inventor of the electric tram, landscape ‘Solyanoy Garden’, reconstruct Viktor Tsoi square, and others.

The budget commission vote for priority areas for budget funds was preceded by a two-month educational course, including meetings with representatives of various city departments, specialists in district administrations, and urban experts. This educational format provided an opportunity to introduce budget commission members to a range of public government issues and to city management specifics in St. Petersburg. It enabled citizens to make a more professional assessment of the projects and helped develop ideas into project applications.

Both educational activities and budget commission meetings are open to the public. The audience of the presentations expanded through ‘Your Budget’ pages and groups in social networks, so that others become aware of how and why decisions are made.
The presentations for budget commissions include the following thematic blocks:

1. A budgeting process presentation informs IB participants about a particular local budget, general budgeting processes (revenues and main expenditure, and the general provisions of the Russian Budget Code), the budgetary discretion of different levels, basic taxes, inter-budgetary relations, and federal and local government responsibilities.

2. A public procurement presentation from an external expert or a specialist from the district administration gives information on the main provisions of the relevant legislation (Law No. 446), the public procurement website, and practices relevant to the initiatives considered by budget commission members.

3. An urban planning presentation from an urban planner and/or sociologist, involving experts from the city and district territorial improvement committees, describing Russian and foreign practices similar to the initiatives of the commission members, information on state control, and heritage protection and use.

A presentation does not normally exceed two hours. Registration opens a week before on the project page in Vkontake (A Russian social network), with the phone number of the project coordinator. Questions from budget commission members have priority; those members who sent their questions in advance are answered first. After questions from the budget commission members, questions come from candidate members and then, within established time limits, from other participants.

2.6. Citizen involvement in decision-making

‘The People’s Budget’ in Tula Region

‘The People’s Budget’ in Tula Region helps mobilize various communication channels to ensure the broadest involvement in IB project decision-making.

‘The People’s Budget’, the IB program of Tula Region, was mentioned twice in the All-Russia competition for the best social and economic practices held by the Agency for Strategic Initiatives. The governor extended the project to 2020 and 1.5 million rubles were allocated in the regional budget for its implementation.

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6 Federal Law, dated April, 5, 2013, ‘On the contractual system in the procurement of goods, works and services for state and municipal needs’.
According to the regional administration, IB contributes to the social and economic development of the region and helps citizens to set priorities for local problem-solving. It boosts activities to establish community councils and to deliver various short-term and long-term construction projects. Over 4,000 projects have already been completed in the region.

Improvement of the municipal park in Suvorov town

Renovation of Molodtsov Cultural Center in Donskoy town

In 2016, the organizers conducted a survey of participants of ‘The People’s Budget 2016’; as a result, 97% of the respondents supported the project’s continuation.

Since its launch in 2016, ‘The People’s Budget’ has been actively developing new approaches. Today it has a wide typology of projects, so that citizens can solve a whole range of problems using different sources: budget funds of Tula Region, municipal budgets, and resources provided by the citizens themselves.

The project contributes to the construction, renovation and repair of housing and utilities, roads and engineering services; parks, squares, sport and leisure facilities; educational and cultural institutions, and local heritage sites. Separate categories with different co-financing conditions included children’s playgrounds, apartment buildings, and the replacement of elevators with a service life exceeding 20 years.

In 2016, the maximum budget for projects within the IB program was increased to 5 million rubles for the renovation of an apartment building, and 10 million for the other projects. Dacha associations were given the right to participate in the program provided that they have municipal property on their territory.
A project monitoring system was launched in 2015 on the ‘Open region 71’ portal ([www.or71.ru](http://www.or71.ru)). Since then, the role of on-line procedures has constantly grown. The portal makes it possible to submit applications, to organize a selection process, to monitor project implementation stages and delivery – from feasibility studies to completion. From 2016, on-line voting for projects became a fundamental element of ‘The people’s budget’, which helped expand IB participation by providing the opportunity to support projects for those who are interested but were not able to be present at public meetings.

Residents can vote for a project only once, it is verified through the registration procedure or an email message. At community meetings, citizens first identify problems and express their willingness to participate, create initiative groups and collect signatures supporting their project. Then the project is developed by the municipal administration and is registered in the system – on-line voting opens after official announcement.

Due to additional budgetary funds, in 2017 the selection took place in two rounds. There were 1,241 applications in the first round and 603 in the second; 95% of the applications were submitted again for the second round. Finally, 472 projects were chosen. Over 50% of all projects were to repair roads, municipal educational institutions, housing and utilities. In 2017, 223,000 citizens put their signatures toward IB projects. The organizers of IB project competitive selection – the regional Ministry of Regional Policy and Self-governance Development – estimates that 332,000 people participated in community meetings, discussions and joint decisions on IB projects. The number of IB project beneficiaries is estimated at 505,000 people, that is, 33.76% of total population.
Based on the analysis of ‘The People’s Budget’ in 2017, the project evaluation criteria for 2018 were significantly reduced and simplified.

1. Co-financing from citizens (the more the better) – from 1 to 15 points.
2. Co-financing from municipality – from 1 to 15 points.
3. Relevance of the problem to be addressed in the project – from 20 to 30 points.
4. The number of citizens’ signatures collected (as per the community meeting minutes), scoring varies from 1 point for 10 signatures to 20 points for over 151 signatures.
5. Ratio of votes on the or71.ru portal to the number of people in the register of signatures, from 1 point when under 20%, and up to 20 points when over 21%.

2.7. Organizing a regional project competition

‘Yenisei River Bank’
competition
in Krasnoyarsk Region

In 2017, the local IB project office in Krasnoyarsk Region implemented a novel approach to organizing a project competition.

In 2016, Krasnoyarsk Region joined the IB development project organized by the MoF and World Bank. In the same year, the regional MoF initiated a project center as part of the Municipal Development Institute (MDI), a public institution, financed from the regional budget. It took a year to develop the legal and regulatory framework for IB implementation and at the end of 2016, a LISP pilot was launched. The program obtained funds within the ‘Promoting local self-government development’ state program of the region.

MDI has been operating since 2003, providing continuous legal, educational and informational support to local communities and municipalities, and acting as their partner in various projects.

At the end of 2016, LISP was launched in 6 municipal entities with experience in self-taxation projects. Being located along the Yenisei River, the project got the name ‘Yenisei river bank’. Since 2018, the number of participants has increased to 11 municipalities.
In the first project year, the project office had 6 consultants employed and one consultant was assigned to each pilot area. The consultants’ photos, responsibilities and contact information were publicly available; consultants were engaged at every stage of the IB implementation: providing IB educational courses to self-government bodies, raising public awareness, helping identify local problems, participating in community meetings, forming initiative groups, and then developing project applications and monitoring project delivery.

The project center came up with an original competition name and developed program’s visual identity, logo, and teaching materials (4,300 pages of handouts). The ‘How to Make IB Ineffective’ brochure, presenting recommendations in the humorous form of bad advice, was one of the characteristic publications. Its main character became a popular hero of many methodological materials and presentations.

The brochure ‘How to Make IB Ineffective. Bad Advice on Initiative Budgeting’

In 2016, the project started with 6 on-site seminars for 157 participants; in August-September 2016, 11 training sessions (8 hours each) were held, including 8 on-site, to train 240 participants, including heads of local councils, heads of districts, deputies, specialists of self-governments and municipalities, civil activists, and lawyers.
Program information support is one of the important tasks for the project office. A special website http://ppmi24.ru was developed to provide access to methodological materials, information on the winning and implemented projects and a computerized application system is now under way. Groups in social networks are actively supported. Consultants cover all project activities, share IB news and successes in other regions, support local media in preparing videos for local TV and other materials.

MDI and the consulting team actively promote IB through their participation in seminars, conferences and other public events. In 2016-2017, the Siberian Municipal Forum, annually organized by MDI, had a special discussion of IB issues with experts from other regions.

The consultants organize and facilitate IB practice, they organize workflows, develop official forms, edit documents and make joint decisions with local authorities, contribute to public events, and finally evaluate the effectiveness of procedures, and ‘work on errors’. The key element is their facilitation at community meetings discussing local problems and identifying prospective projects; thanks to this activity, it is possible to have correct statistics on citizens’ involvement in IB procedures and other activities such as opinion polls and on-line surveys to identify local needs.

In 2017, the ‘Yenisei River Bank’ competition received project applications from 51 municipal entities. All applications were evaluated and accepted for implementation. The total budget for the projects was 61.5 million rubles including 51.8 million rubles of budgetary support. The number of beneficiaries was estimated at 64,700 people (2.25% of total region population). In 2018, the amount of budgetary support will be doubled to 100 million rubles, and accounts for 0.04% of the regional budget.
2.8. IB awareness campaign

Stavropol Region stands out for a scaled awareness campaign engaging people in IB projects.

2017 was declared by the governor’s decree the Year of Local Initiative Support in Stavropol Region. A large-scale awareness campaign was launched to reset the LISP earlier developed and implemented by regional MoF.

LISP scaling up in Stavropol Region

In 2017, the program was scaled up to cover the entire region. At the first stage, all rural and urban settlements joined in (excluding the administrative urban centers). At the second stage, larger cities participated in a separate competition with different conditions. The program’s parameters had been completely updated: its outreach increased, it involved new audiences, the rules of participation changed, and amount of budgetary support increased to 300 million rubles.
LISP was familiar to the people in eastern part of the region, where it had been working successfully for 10 years but was completely unknown in other parts. It was equally important to tell new communities about IB ideology and participation rules, and to convince and motivate local administrations to use new technology. The organizers approached this task as a marketing strategy geared towards developing a new brand with a new logo, a slogan ‘Common idea – practical steps’, website http://pmisk.ru/, visual identity, novel promotional video and audio materials, and changed positioning.

The first Russian IB promotional video

The campaign’s strategic objective was to raise people’s awareness of IB as a transparent, understandable, and usable tool enabling interaction with local authorities to address issues of concern in their local communities.

Program goal indicators:

1. The share of the population having a clear understanding of IB;
2. The share of the population involved in IB procedures (by types of participation);

3. The share of the population identifying themselves with one or several local communities.

The requirements for wider publicity were presented in IB manuals and in the project evaluation criteria, including announcements published on municipal web-sites, on-line discussions and surveys, and face-to-face public meetings. Applications have to include meeting minutes, screenshots of publications and on-line voting results.

The LISP positioning strategy was realized through traditional media (TV, radio, press) and social media, and offered educational activities for different audiences.

The awareness campaign launched in 2016 was focused on 2017 projects, and the 2017 campaign on 2018 projects and embraced projects selected from larger cities. Special promotion activities included a weekly program ‘Time for Action’ on regional TV (33 episodes), audio and video clips (over 500 minutes on 6 channels), 5 news stories on regional TV, articles in regional and local newspapers (35 publications). A special press tour to municipalities was organized for journalists from regional media. Media planning helped synchronize all media events with the IB program implementation.

In 2016, the educational part included 7 conferences involving representatives of local self-government bodies responsible for engaging communities in the identification and choice of local project ideas. In 2017, 29 training sessions organized were organized in all the municipalities of Stavropol Region involving over 2,000 representatives of local NPOs and initiative groups.

In 2017, larger cities of the region joined the IB program and took part in a separate competition. Citizens could send their project ideas to the administration by email or by post. A special section ‘Stavropol through its citizens’ eyes’ was created as part of a mobile application to collect project ideas in the capital of the region. On-line voting on the administration’s website and traditional surveys helped enhance citizen involvement. In total, over 40,000 people took part in project proposal discussions.
2.9. Developing the IB program’s visual identity

Altai Region stands out for its professional and systematic approach to the development of the IB program’s visual identity.

In 2016, Altai Region started preparations for the launch of regional LISP, initiated and organized by the regional MoF. The region had already provided grant support for the local initiatives of rural residents. Special emphasis is given to rural areas due to the administrative and geographical features of the region, which has an extensive territory and a lot of remote settlements. Total population is 2,384,000 people, and 44% of them live in rural areas (1,049,000). Altai is the third of the Russian regions by the number of small municipal entities, so it was decided to focus the IB program on rural support. In 2017, 643 of the 719 municipalities had the opportunity to participate and submit IB project proposals, including municipal and urban districts with rural settlements.

The challenge for the organizers was to raise the awareness among the rural population, to make the project ideology clear to every citizen and to emphasize the program’s distinctiveness, since another regional program was also focused on the same target group. It was important to raise awareness of the new practice and to have regional outreach because it was not a pilot year for the organizers and they planned to develop IB practice, expand its audience and to increase its funding in subsequent years.

Given the scale of the task and the short preparation period, the optimum strategy was to maximize use of media and on-line communication channels. A strong brand and targeted information were necessary for wide outreach and effective communication with municipalities and citizens. The LISP website of Altai Region was specified by the regional administration as one of the performance indicators; the section ‘expected outcomes’ reads – “involving citizens in decision-making on local issues; communicating the program outcomes through the LISP website of Altai Region”.

The regional MoF had already launched the website ‘Финграмота22.рф’, developed a logo and visual identity for the state program on increasing citizen financial literacy; the activities under this program got a popular name ‘Be smarter’. With this success, the organizers continued their collaboration with the same designers to make an integrated visual solution for promotional campaign.
This resulted in a complex solution for visual design and the promotion of a new project. One of the key messages – ‘Altai, you propose!’ – created for the program became the name for the website ‘Алтайпредлагай.рф’. Another message – ‘You propose, we support!’ – became an element of the visual identity and logo. In addition to these key messages, more slogans like ‘No need to wait, let’s make it happen’, ‘You decide what your village needs’ and others were integrated into the promotional materials.

The combination of red and blue was key to the visual identity; the logo was dynamic and visible – the red and blue frame helped position announcements in local mass media and was recognizable in other promotional materials.

Layouts and designs were accessible on the website: the infographics of project stages, a campaign flyer, an announcement for community meetings, a series of 15 calls for community work days, representing every project type, and the program brochure. The print run of 500 copies each was disseminated among the IB program participants and in addition, any participant could print them out and add necessary information.

These designs were actively used for public events and for souvenirs.
The website provided an option for the on-line work of municipality representatives; one could edit and submit a project application, follow its stages; overseeing the scoring, and generating agreements; the organizers also had an option to form project final reports.

Information desk of the program

The recommendations to use the designs and tools for program positioning were included in the guidelines for initiative groups. The importance of promotional events in the municipalities was also emphasized in the IB project evaluation criteria. Among such indicators as citizen co-financing, the social effects of the project, the share of the community involved in identifying and addressing the problem in the project, included the evaluation of using mass media and other communication channels in the course of identifying local priorities and developing the project application. The evaluation envisaged the presence of the LISP visual design and the availability of information on the program’s basic idea, the responsibilities of the participants, the results of preliminary discussions, and coverage of the meeting results in the printed media, including the number of meeting participants, the selected project, and the people’s contribution. The project applications were evaluated by the competition commission according to the scoring scheme approved by the regional MoF. Points could be added if the LISP logo or visual solutions were used for project awareness events or promotion publications, social media, announcements, etc.

In addition to the efforts of local authorities, information support was provided by the regional newspaper ‘Altai Pravda’ and two local TV channels, the
Altai public broadcasting company and Katun24 (the latter focused on young audiences) which presented the project leaders and proposed projects.

A children’s playground constructed in ‘Raduga’ family park in Zalessovo village

The interior of premises repaired in the local history museum in Tyumentsevo village

The roof of junior sports school repaired in Soloneshnoye village

In 2017, 107 municipalities submitted project applications (15% of all municipalities in the region). 10,067 people participated in meetings to select the project ideas, and 26,216 people took part in additional procedures such as surveys to identify community priorities. The budget for the 75 projects selected in the competition was 68.5 million rubles. The regional budget was 42.2 million rubles (61.5% of the total budget). Local authorities contributed 15 million rubles (21.9%). Co-financing from citizens was 6.1 million rubles (8.9%) and from legal entities, 5.3 million rubles (7.7%). The project beneficiaries included 85,000 people, that is, 3.4% of the total population of the region.

2.10. Implementing income-generating projects within the IB framework

‘People’s Budget’ in Komi Republic

*Komi Republic has gained experience in implementing income-generating projects within the IB framework.*

In 2016, the ‘People’s Budget’ program was launched to facilitate the implementation of important social initiatives benefiting the majority of municipal residents and to improve the efficiency of budgeting. Along with social infrastructure development projects important for local communities, the ‘People’s
budget’ embraces income-generating projects addressing local social needs and implemented by SME agro-food, wild herb processing enterprises, and bakeries.

Various types of projects

Small business projects first started in regional public programs in 2015. According to the organizers, the IB principles applied to the project selection foster social entrepreneurship and income-generating projects.

In 2017, there were 18 initiatives implemented in these areas. Financial support from the republican budget was 8.4 million rubles (the funds were allocated to two state programs in the region), co-financing from local budget was 2 million rubles and contributions from businesses and entrepreneurs was 3.3 million rubles giving a total of 13.7 million rubles. The monitoring of the projects shows that the most attractive strategic goals stimulating businesses to participate are as follows.

Extending the product range and/or increasing output through acquisition of modern technological equipment was done by reducing the production costs through the repair of production facilities and opening new small agricultural, service-delivery or transportation enterprises.

Communities supporting these initiatives get a broader range of goods and services, and opportunities to address significant local issues (transportation, delivery of goods to remote areas, etc.) and new jobs. In 2017, 39 full-time jobs were created and 10 more part-time jobs.

For example, 10 new jobs have been created in the Vuktyl town as a result of the project expanding the bakery. Its social impact helped the project to win the competition. The regional subsidy for the equipment purchase was 500,000 rubles, with 75,000 co-financing from the local budget, and 175,000 rubles from the entrepreneur.

There was no cultural center in Ust-Kozhva village and over the past 10 years residents have been making regular appeals to local and regional authorities
to construct a cultural facility. The private museum-house ‘Komi-izba’ was solution to the problem. Subsidies from republican and local budgets were 484,200 and 79,300 rubles respectively; and the entrepreneur’s contribution 870,000 rubles.

Private museum-house ‘Komi-izba’

There were two projects implemented in Syktyvdinsky area. In Vylko village, the first private kindergarten for 30 children was opened on the first floor of a residential building. The kindergarten provides a full time (with five meals) and short time care and weekend services. It has already become part of a family center, which includes a gym, other fitness facilities and a creative studio. The budget of the kindergarten project included 500,000 rubles allocated from the republican budget, 72,000 rubles of co-financing from the local budget, and 144,000 rubles from the entrepreneur. The project provided for the major renovation of the premises: the replacement of the floors, windows and doors, electrical wiring, heating and sewage systems. The project created six new jobs, including for the disabled people.
Another Syktyvdinsky area project was implemented in the old village of Yb, which stretches for nearly two dozen kilometers, where in-village transport was organized, as such distances were not easy to walk for parents with small children, the elderly and other villagers. Thanks to IB projects, two rural settlements of Yb and Yasneg have shared taxi transport; a 12-seater minibus was reequipped for 8 seats and a luggage compartment for strollers, sledges, and other passenger belongings. The project budget included 500,000 rubles allocated from the republican budget, 72,000 rubles from local budget, and 144,000 rubles from a local entrepreneur.

Income-generating projects do not just address the current problems of local social infrastructure; they contribute to local economic and strategic development. Today Komi Republic pursues the integration of the ‘People’s budget’ with its competitions for local self-government bodies and other regional business support programs. The regional IB project office together with municipal entrepreneurship support centers organize educational events and training to promote opportunities for local businesses.

2.11. Organizing initiative budgeting in a particular municipality

**Project ‘I Plan the Budget’ in Sosnovy Bor, Leningrad Region**

The municipality of Sosnovy Bor in Leningrad Region has developed the best IB practice at the municipal level (IB activities are financed from the municipal budget) with the best results among Russian regions.

‘I Plan the Budget’ has been implemented in Sosnovy Bor since 2013. It is one of the first examples of introducing the participatory budgeting technology developed by the European University in St. Petersburg (EUSP) into municipal governance. The practice in Sosnovy Bor is distinguished by the integral project selection mechanism, the educational program for activists, and broad consulting support. Consultancy is provided by 22 specialists, and a voluntary working group of the ‘I Plan the Budget’ pilot project acts as the project center. The Finance Committee of the city administration is responsible for the project; 20 million rubles are annually allocated from the municipal budget.
The Sosnovy Bor methodology means project discussions and selection is done by initiative commission, the members of which are selected through a drawing procedure among the citizens who applied for participation. All projects approved by the relevant departments of the administration are considered winners and sent to the budgetary commission, the project costs are allocated in the budget for the next fiscal year and planning period.

Citizens apply for participation in official group on Vkontakte (vk.com/sbor.budget). The project and its events are covered on the city administration website (http://sbor.ru/finance/bd/otkrbud/plan), and promoted by the mass media of the city.

The project organizers use several project selection mechanisms. The ‘People’s vote’ has the format of public hearings when all citizens are invited to presentations of the initiatives, then all participants vote assigning points from 0 to 10 to each of the initiatives; to calculate the results, the sum of points scored by each initiative is divided by the number of voters. Another mechanism is on-line voting in the ‘I plan the budget’ group on Vkontakte for the initiatives presented in the ‘People’s vote’. Finally, at the initiative commission meeting, its members vote and choose the initiatives taking into account the results of the ‘people’s’ and on-line voting.

In 2017, 15 people participated in the meetings of initiative commission and selected 12 projects from 21 applications. The project of crosswalk lightning received the greatest support (0.8 million rubles), the playground in kindergarten no. 7 was second (1.5 million), and third was the ecological and local lore trail (0.2 million). In total, 14.5 million rubles were distributed within the IB project in 2017, which was 0.8 % of the municipal budget expenditures.
29 projects were proposed by the citizens and selected by the initiative commissions to be implemented in Sosnovy Bor over 5 years.

Some initiatives, though not included in the final applications, were also implemented by the city administration:

1. Crosswalk road signs were replaced with retro-reflecting signs;
2. A traffic light was installed near the Glubina café;
3. Walkways were restored in Malaya Koporskaya Krepost children’s park;
4. A fountain was reconstructed at the local cultural center;
5. Equipment for extreme park was acquired;
6. A special program for street lighting installation and renovation was developed and implemented;

7. A courtyard was improved on Molodezhnaya Street.

The developers of the participatory budgeting methodology believe that the IB project can become an important managerial element if it is realized annually, supported by people and inspires trust. ‘I plan the budget’, continuously implemented for 6 years, has maintained people’s confidence and interest in the practice.

‘I Plan the Budget’ indicators 2013–2017

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<th>2016</th>
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<td>Applications submitted to participate in the project</td>
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<td>22</td>
<td>83</td>
<td>94</td>
<td>63</td>
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<tr>
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<td>29</td>
<td>27</td>
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<td>21</td>
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<tr>
<td>Accepted for implementation after the vote</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>12</td>
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The project organizers collect and analyze participation data to improve interaction and awareness. Right after the first implementation cycle, additional positive effects beyond the improved infrastructure became evident. In 2014, five members of the initiative commissions of different years participated in the elections to the Sosnovy Bor Municipal Council of Deputies and two of them were elected. The knowledge and experience gained in initiative commissions can help them in their work as deputies.
3. Development of the support infrastructure for IB in Russia

The consultancy support scheme has not experienced considerable changes since 2017, it is organized primarily by the specialists of executive authorities in, for example, Vologda, Tver, Nizhny Novgorod, Ulyanovsk, Orenburg Regions, and the Republic of Karelia. However, according to the MoF survey data, 13 Russian regions have developed their own project centers providing support for local IB practice or coordinating several IB practices, and 10 more project teams work at the municipal level or as part of the responsible executive bodies in the form of working groups, coordination councils, interdepartmental commissions or specialized project offices.

In some regions, the organizers involve independent project teams to support IB implementation, e.g. in Kirov Region and St. Petersburg external consultants provide community meetings organization and facilitation, project expertise, and other support. In Sakhalin Region and in Yakutia, the support is provided by the World Bank project center. In Perm Region, the possibility for external support was included in local legislation: an authorized body has the right to involve experts and consultants, on a competitive basis, within the funds allocated from the regional budget. In 2017, the Perm National Research University was involved as a consulting partner.

One of the possible strategies of organizing IB support is to engage the potential of regional research centers. In the Republic of Bashkortostan, the Center for Civil Initiative Studies (a department of the Institute of Strategic Research of the republican Academy of Sciences) functions as the IB project center. In Komi Republic, an IB project center was established on August 16, 2017, by the Komi Ministry of Education in collaboration with the Komi Republican Academy of Public Administration (without founding a separate legal entity).

In Stavropol, Altai, Krasnoyark, and Novosibirsk Regions specialists from public and municipal expert and training institutions provide IB consultancy support. In Kaluga Region, the project office is a unit of the Regional Development Agency. In Yaroslavl Region, the project office for ‘Making Joint Decisions!’ is based in the ‘Council of Municipalities of Yaroslavl Oblast’. Its activities are financed in the form of subsidies for NPOs to organize inter-municipal cooperation in the ‘Organization of inter-municipal cooperation of local self-governments’ regional program.

On average, the number of full-time consultants in project offices does not exceed 5-7 people and during the active phase of the program, some part-time consultants are involved to support and monitor procedures and events on-site.

In the reporting period, the quality of IB regional awareness campaigns has significantly increased. Regional IB brands have been developing: the organizers created logos and visual identities, published guides and auxiliary materials. Branding and promotion for IB projects have become popular. In Stavropol Region, the organizers have created first IB promotional video and radio clip. Outdoor advertising was very popular within the ‘Your Budget’ project implementation in St. Petersburg.
The main IB promotional resources are websites and sections on the websites of regional authorities. In some cases, mostly in municipal practices, groups and pages in social networks are actively used.

The strategy to ensure IB promotion on the internet is an important element of IB positioning. In Tula Region, ‘Open Budget’ became part of the ‘Open region 71’ website; in Perm Region, the IB section was integrated into the ‘We govern together’ website of the Perm regional administration and regional IB activities are positioned as part of the regional development program. The ‘People’s Budget’ program in Komi Republic is represented on the 'Active region' website. In Yaroslavl Region, the IB program is part of the governor’s project to develop modern urban environment ‘Making Joint Decisions!’ is on a website of the same name.

Many regions have chosen to use an internet information management system. This kind of solution was tested for the first time in the Tver Region, then the Republic of Bashkoria and the Sakha Republic. In Kirov Region, the LISP organizers developed their own management system considering the tasks and specifics of the local LISP model; the system is connected to the official website of the regional Ministry of Social Development.

Krasnoyarsk Region has a special IB site with information managing functions supported by the local project office. The ‘People’s budget’ project in Tula Oblast also uses an internet application management system.

The LISP website in Stavropol Region underwent a significant upgrade in 2017, and the organizers are working to extend its functionality.
In other regions, IB events are covered on the sites of the regional or local authorities. For example, in Vologda Region the main source of information on the local IB program is the governor’s official site. In Karelia, the LISP information section is on the republic website. As an IB program develops, it can get its own website, as happened in St. Petersburg where ‘Your Budget’ was originally part of the St. Petersburg Finance Committee site. In 2017, IB websites were launched in Altai and Sakhalin Regions (in Sakhalin Region, the website presents several IB practices developed by regional Ministry of Finance).

Internet solutions open up possibilities for organizing on-line IB procedures, such as proposing initiatives, discussing projects, voting, and monitoring. In 2017, on-line voting was used in Tula Region; the citizens of St. Petersburg, Komi Republic, and some other regions had the opportunity to propose their initiatives on-line.

Collaboration with regional media is a vital element for IB development. IB awareness-raising campaigns in St. Petersburg, Stavropol and Altai Regions present good partnerships between local governments and journalists which contribute to the creation of original materials and information products, such as the weekly program ‘Time for Action’ on regional TV in Stavropol Region.

The authorities and project centers responsible for IB implementation position IB practices through various media events and actively promote IB at regional public forums, conferences, and seminars. IB issues have become part of forum discussions in St. Petersburg, Krasnoyarsk Region, and Khanty-Mansi Autonomous Okrug.

Every autumn, Krasnoyarsk Region holds a Siberian Municipal Forum gathering representatives from all the municipalities of the territory, and from other Russian regions. The 2017 Forum ‘The consolidation of professional and public resources for the effective development of self-governance’ included a special session on citizen involvement in addressing local issues.

In November 2017, the second International Humanitarian Forum ‘Civil Initiatives of the 60th Parallel Regions’, held in the capital of Khanty-Mansi Okrug, included a discussion of IB issues with the participation of Russian and international experts and a presentation of the first IB project ‘We Plan the Budget Together’ for the city of Khanty-Mansiysk. In 2017, the ‘People’s Budget’ project of Tula Region was a finalist in the Agency of Strategic Initiatives competition.

Also important for the IB information strategy are public awareness campaigns organized by project initiators on websites and in social networks. Their aim is not only to motivate municipalities and activists to actively work with the people but also to provide them with appropriate tools and resources, to promote IB ideas and train citizens, to enhance communication with journalists, and to develop internet solutions to integrate these activities and ‘people’s’ content on a single platform.

Educational activities for various target audiences of regional IB programs are of particular importance for IB development; the most widespread in the Russian regions are workshops for local government representatives, financial
managers, and municipal public commissions. Normally, such events take place before the launch of the IB program cycle to introduce new regulations for IB practices or at the end of the cycle to summarize the experience or/and analyze the errors. Educational activities are organized by project centers with the involvement of consultants (Perm, Krasnoyarsk Regions, Komi Republic, Bashkortostan, and Kirov Region).

These activities vary considerably among Russian regions, for example, in Tver Region, the annual LISP school gathered participants twice a year in the regional MoF, before the launch and after the competition commission meeting. The second session of the LISP school invites the winning municipalities to discuss the implementation of their projects.

Topics include concluding agreements, updating projects budgets, project scheduling, tender proceedings, contracts with subcontractors, inspection and approval, collecting funds from citizens and businesses, final payments to the contractors, reporting to the regional MoF, and the public opening of the completed facilities.

This is the most frequent of educational events though in some cases they are organized quarterly. In Ulyanovsk Region, they organize educational activities through on-site methodological seminars. In Stavropol Region, 7 seminars were held for the competition of 2017, a similar principle is used in the Republic of Bashkortostan and Mary El, Vologda, Altai, and Krasnoyarsk Regions.

IB seminars in Saratov Region were face-to-face lectures and interactive sessions. The interactive part included group assignments to identify the focus of project activities, its name, stakeholders, and risk assessment. Ryazan Region holds twice-yearly regional conferences on project implementation. Altai Region, the Republic of Sakha, and Kirov and Irkutsk Regions actively use video conferences; the format makes it possible to involve all municipalities and is particularly relevant for the regions with vast territories.

The seminars and educational events increasingly involve leaders of territorial public self-governments (TPSG), especially in those regions where IB practices work in parallel with grant programs to support TPSG and NPOs (Khabarovsk Region, the Komi Republic). In Komi, events were held in collaboration with the TPSG Association. The government of the Arkhangelsk Region annually organizes project management training in cooperation with the Northern Arctic Federal University and ‘Kenozerozky’ National Park. In Sakhalin Region, educational activities as part of the IB awareness campaign were held at preliminary public meetings, and this helped reach a significant part of rural audiences (1,500 citizens). Educational activities within the ‘Ufa courtyard’ project were focused on housing management company directors, condominium associations and residents considering territorial improvement projects.

The educational activities within IB practices developed by the EUSP are designed for citizens involved in budgetary commissions and focus on budget planning principles, i.e. in the ‘Your Budget’ project in St. Petersburg, The ‘People’s Budget’ projects in Kirov and Unlyanovsk, and ‘I Plan the Budget’ in Sosnovy Bor.
Over time, research activities are becoming part of IB practice in the regions. IB practice in Bashkortostan stands out for its scientific approach as their project center has an academic status.

The Center for Civil Initiative Studies conducts research on a range of issues:

- business involvement in IB practices (developing tools to involve small local business in traditional IB practices and enhance the participation of big businesses through innovative models);
- IB investment projects (developing IB investment in the agricultural sector);
- IB development in the cities (advancing IB mechanisms using internet technologies);
- IB impact analysis (IB economic efficiency, IB social and psychological effects).

In some cases, IB organizers conduct surveys, e.g. in Tula Region. In the Komi Republic, a survey was conducted among initiative groups, representatives of TPSG, and local governments (115 respondents in total) to identify problems of IB implementation. In some cases, they analyze the statistics for participation in different IB procedures.

The activities of the MoF and World Bank joint project ‘Strengthening Participatory Budgeting in Russian Regions 2016-2018’ remain a significant educational resource. Awareness seminars for new regional participants involve heads and specialists of municipalities. Thematic seminars discussing IB implementation and strategic development issues are of interest to IB consultants and organizers.

Among the activities over the reporting period are:
- ‘IB development in Russia in 2017’ (Moscow, 28 February, 2017);
- ‘IB and allied practices’ (Ulyanovsk, 18-19 May, 2017)
- The Second All-Russian workshop for IB consultants (Altai Krai, June 7-9, 2017)
- ‘The implementation of participatory budgeting projects in cities’ (St. Petersburg, November 21, 2017).

2017 saw the integration of the Russian experience into IB internationally. In September 2017, the first international BRICS forum on Citizen Engagement in Social Infrastructure Development was organized in Ufa by the Russian MoF, the Bashkortostan Government, the World Bank, the Center for Strategic Research, and NIFI. The first publication presenting the Russian IB experience for international audiences was prepared and translated into English.7

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In 2017, the Committee for Civil Initiatives contributed significantly to IB development. Participants of the 2017 All-Russia Civil Forum had the opportunity to get advice on IB issues from experts and volunteers. The website budget4me.ru regularly publishes news on projects with citizen involvement. In 2017, the site launched an All-Russia competition of IB projects; the winners in three categories received co-financing of 100,000 rubles for their next projects. The competition will continue in 2018. The Committee for Civil Initiatives has prepared and published popular booklets and a brochure ‘25 Questions on Initiative Budgeting’.8

4. A road map for IB development in Russia

The activities for IB development are a part of the MoF State Program on Public Finance Management and Financial Market Regulation, subsection 3 ‘Openness and Transparency of Public Finance Administration’. The expected results include increased public awareness of the opportunities to be involved in identifying priorities for budget spending, overseeing project implementation, and increasing the demand for information on the administration of the Russian public budget system.

One of the evaluation criteria in the program is ‘The per cent of Russian regions that approved IB development program as part of regional state programs’. Based on the data received from the regions in 2017, for the first time it has become possible to estimate this indicator for the reporting period: 19 IB activities were included in regional state programs, total share of regions was 22.4%.

In addition to that, a medium-term IB Development Program, prepared by NIFI, is intended to help executive authorities plan IB activities within regional state programs.

The integration of IB and TPSG principles is seen as promising in Russia.

Today, TPSG development issues are also in the spotlight with new support mechanisms being developed and legislative acts and amendments being discussed. The new challenge for regional IB organizers is to upgrade TPSG development programs and to integrate the mechanisms of both practices.

IB practices can offer flexible mechanisms to address local issues for TPSG and in the future, this can lead to their integration. There are already examples of such integration. First, it is worth noting ‘People’s Budget-TPSG’ launched in Cherepovetsk in 2014. This developed from a participatory budgeting project ‘People’s Budget’ to become fully focused on supporting TPSG initiatives. Another form of TPSG prioritization in IB practices is in the LISP program of the Ryazan Region, where projects initiative by TPSG can get a higher score for competitive selection. In other IB regional programs, the TPSG infrastructure and capacity are used by default.

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The IB legislative regulation is actively developing in the regions. In Ulyanovsk Region, LISP launched in 2015 and was approved as a priority project at the regional level in 2017. Yaroslavl Region also approved the governor’s project ‘Making Joint Decisions!’, established an interdepartmental commission and a project office for its implementation.

The Republic of Bashkortostan pursues the priorities outlined in Strategy-2030. Along with the LISP program realized by regional MoF, other regional ministries start introducing IB mechanisms. The ‘Ufa courtyards’ project was scaled up to entire republic with the Ministry of Housing and Public Utilities becoming responsible for it.

In Perm Region, the IB legislative regulation started with the adoption of the first regional law on IB. The first changes included a fixed allocation of funds for IB program – a minimum of 0.1% of tax and non-tax revenues of the regional budget, and within the IB program budget up to 6% can be allocated for support and consultancy. After the probation period, the regional Council of Municipalities initiated some amendments, clarifying property rights in IB projects, the composition of competition commissions, local budget co-financing mechanisms, and securing the option to contract, on a competitive basis, companies to ensure IB program support.

Moscow and Kemerovo Regions plan to develop IB legislation; in Kirov Region, the discussion of the bill on IB is currently underway.

At the end of 2017, the Legislative Assembly of the Leningrad Region adopted amendments to the laws 'On promoting other forms of public participation in the local governance in some parts of the settlements in the region, which are administrative centers of municipal entities’ and 'On promoting other forms of local governance in some municipalities'. The new edition of the laws came into force on September 1, 2018. The laws contain a definition of IB; the legislators introduced it through changes in the order and forms of public participation in local self-governance. The key concepts of the laws changed: initiative commissions replaced public councils; citizens participate in local self-governance through electing initiative commission members. The new edition of the laws specifies the territorial limits for this form of local self-governance and introduces new procedures for proposing initiatives, monitoring their implementation, photo and video recording of community and public council meetings, and citizen involvement in the activities. The chair of the initiative commission fulfills his/her functions on a contract or volunteer basis; the contract costs may be covered from the municipal budget.

In 2018, the MoF of Karelia started implementing the ‘People’s Budget’ project. Key regional ministries and municipal authorities are involved in the activities. In 2017, at the preparatory stage of regional IB road map, a methodology was developed to evaluate the quality of public and municipal services and to improve the mechanisms of public participation in budgeting, and budgetary literacy. This work resulted in proposals for improving budget legislation concerning regulations of public participation in the budgeting process. The funds for inter-budgetary transfers to the municipalities involved in IB projects will be
allocated separately from the very start of the drafting of the 2020 republican budget. Thus, it will be possible to analyze the dynamics of public participation in the budgetary process and IB project development.

Increasing the budget literacy of IB participants is one the ways to considerably strengthen IB development.

An analysis of the activities to increase school students’ budgetary literacy in pilot regions shows that special educational modules have already been included in existing school and university programs. Voluntary participation and personal interest are the best didactic means to increase budgetary literacy of both students and adults. One of the approaches could be to integrate budget literacy programs with IB practices, which provide opportunities to understand the budgeting process from within.

Three pilot regions, Bashkortostan, Altai and Perm Regions, are implementing projects on increasing budgetary literacy for high school students, and have vibrant IB practices. Citizen participation in project discussions and selection raises their awareness of budget issues; cooperation at the meetings creates mutual understanding, and allows citizens to see the complicated decision-making process in action. With this approach, budget issues become popular among high school students, adults, initiative groups and representatives of all-level governments.

The successful experience of regional and All-Russia seminars, trainings and conferences accumulated within the IB development project of the MoF and the World Bank, and the existing infrastructure of project centers evidence that increasing budget literacy may become another focus of IB development.

The integration of IB basics into high school programs may be a worthwhile development as it can strengthen students’ knowledge in economics, their own financial behavior and skills, and educate responsible citizens and future IB activists.

The IB development joint project of the MoF and the World Bank sustains consultancy and methodological support for regional and municipal authorities in the medium-term. Studies of IB socio-economic effects in the regions with a long IB experience and public presentations of its results are on the IB development agenda.

The international conference ‘Citizen participation as a development resource: Russian and international IB practices’ will be held as part of the Moscow Financial Forum; the conference objectives are as follows:

• to present Russian IB practices and discuss them together with the best foreign practices;
• to discuss the opportunities and conditions for introducing and disseminating IB practices in Eastern Europe and Central Asia;
• to discuss the role and tasks of the government in IB practice, support and regulation.

The conference will have a plenary session and two panel discussions. The plenary session ‘New Horizons for IB Development in Russia and Abroad’ will review the current state and prospects of IB in Russia and other
countries; leading Russian and international experts, practitioners, and representatives of international organizations will discuss the approaches of various country and present their vision of citizen participation as a development resource.

The panel discussion on the government’s role in supporting and regulating citizen participation in public infrastructure development will be focused on the goals, tasks and mechanisms of IB state support and on its feasibility and limits. This issue is of particular relevance for Russia and other countries that are currently debating legislative initiatives on IB.

The panel discussion on interaction with citizens will deal with specific IB models, tools and procedures with a focus on information and educational exchange between local authorities and citizens.

In addition, the conference program includes the announcement of the winners and award-ceremonies for the following competitions:

- a competition of projects to present budgets for citizens, organized by the Financial University under the Government of Russian Federation in 2018;
- a competition among regional financial departments ‘For IB development’.