



Compliance with territorial interests in participatory budgeting projects

Cumplimiento de intereses territoriales en proyectos de presupuesto participativo

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ABSTRACT:

The article discusses the instances when during the implementation of participatory budgeting in regions territorial interests of local communities are to be complied with. The author lays emphasis on the theoretical and methodological principles of this compliance process. The paper defines such concepts as "territorial interest of local communities" and "regional mechanism of participatory budgeting" and distinguishes between them and similar notions. The author proposes systemic classification of regional mechanisms of participatory budgeting. The research describes special features, associated with the process of compliance with territorial interests of local communities under local initiatives support program and specifies the importance of local communities for the pattern of interaction for key project participants. The author identifies the main stages and phases of projects that belong to local initiatives support program and creates a pattern for interbudgetary equations' use that can be employed by municipal units. The paper presents the analysis geolocation, population size, and type of settlement (urban or rural) and their influence on the process of compliance with the territorial interests of local communities. The proposed methodology was applied in the Tver region (Russia) as area under testing. The author determines burning issues, associated with the process of compliance with territorial interests under the given regional mechanism. The article presents both opinions of local governmental bodies and the representatives of local communities on the burning issues of the process in question and provides recommendations on elimination of such issues.

Keywords: territorial interest, project, local community, regional mechanism, Local initiatives

RESUMEN:

El artículo describe los casos en que los proyectos de presupuestación participativa son de obligatorio cumplimiento con los intereses territoriales. Se presentan algunos fundamentos teóricos y metodológicos de este proceso. El estudio define los conceptos como "el interés territorial de la comunidad local" y "el mecanismo regional de presupuestación participativa" y establece la diferencia y nociones similares entre ambos conceptos. La clasificación sugerida en el artículo sistematiza los datos sobre mecanismos regionales de presupuestación participativa. Se analizan las características y particularidades de intereses territoriales de comunidades locales, que surgen en el plano de apoyo para iniciativas locales. La autora aclara la posición e importancia de comunidades locales en el algoritmo de cooperación para los participantes principales de proyecto. Se establece el algoritmo para las estabilizaciones inter presupuestarias, y se analiza como la geolocalización, cuantía de la población y el tipo de asentamiento (urbano o rural) influyen en el proceso de cumplimiento de intereses territoriales. A manera de prueba, la metodología propuesta fue aplicada en la región de Tver (Rusia). El estudio identifica los problemas principales del mecanismo regional en relación con el cumplimiento de intereses territoriales de todas las partes, que participan en el proceso

Palabras clave: interés territorial, proyecto, comunidad local, mecanismo regional, plano de apoyo para iniciativas locales, presupuestación participativa, transferencia inter presupuestaria

1. Introduction

The primary parameter that is employed to assess the effectiveness of local government in each particular territory is how well the population interests are considered there. The social spatial community of municipal units is "community, population that has specific common social relations and inhabits common territory, which acts as a background for emergence of common interests and activity" (Vagin et al., 2015). The needs of this community are differentiated within small groups, which can be defined as "local communities".

Despite the fact that there are a lot of definitions for the notion "territorial community" ("territorial social community", "social spacial community") the most common approach, employed in Russian scientific works was proposed by B.S. Chorev (1998). It was further developed by A.A. Tkachenko (1995), L.P. Bogdanova, A.S. Tschukina (1999) etc.

"Human relations, resulting from the fact that people inhabit common territory give us the right to call territorial community social-spacial or social spacial economic system. The systemic ties of this system are direct and indirect human interrelations: interpersonal communication, common labor and recreation, sharing infrastructural facilities and natural resources, etc." (Rasumovsky, 2002).

The notion "territorial community" correlates with the notion "local community", however, we believe that territorial community is a wider one. "Local community is the primary element of the social territorial structure of the society. The complex of local communities situated at certain area, in particular, at administrative-territorial entity – municipal unit, constitutes territorial community of this unit.

The main difference between territorial community" and the local community is that the territorial interests of local community members are narrower.

The public interests can be divided into three groups: personal, group and territorial ones. From this point of view, the interests of the particular local community can be regarded both as a group and territorial ones, if they are aimed at social-economic development of the settlement area and don't contradict the interests of other local communities, situated at the same area. The territorial interests are recognized as such, as the territorial communities are being aware of how important these interests are for the given territory.

Russian scientists frequently use wide interpretation of such notion as "territorial interest", according to which territorial are all the issues that emerge at certain territory and require a solution.

According to A.A. Tkachenko (1994) we can use such notion as "territorial interest", only if we mean that this interest is common for all the inhabitants of a certain territory.

According to the author's point of view the definition can be amended as the following: territorial interest of local communities is a complex of interests of people, who inhabit certain territory. These people have common social and economic dominants; their interests reflect the ideas of the inhabitants about common needs. The satisfaction of these needs doesn't contradict the principles of socio-economic and cultural development and the habitant preservation of territorial community.

Local governmental bodies are direct representatives of local communities interests in municipal units, population groups of this municipal unit are supporters of the idea, and the most active parts of the population group are the speakers

The territorial interests of the triangle "supporter → speaker → representative" at the municipal level may lie in public infrastructure facilities that are shared by the local community and associated with local issues, specified in the Federal Law "Concerning the General Principles of the Organization of Local Government in the Russian Federation", dated 06.10.2003 № 131-FL.

For instance, for the local community of parents, who have small children and children of middle school age, the territorial interest may reside in playgrounds. For the community of cyclists, the territorial interest is represented by corresponding paths, the main territorial interest for the community of car drivers is a particular local highway, etc.

Participatory budgeting projects have been implemented in the Russian Federation since 2007. It is crucial to consider, meet and comply with the territorial interests of local communities while implementing these projects. As the specified topics have been remained intact in scientific works,

we have decided to study them. The objectives of the study to define the concept of the category "regional mechanism of participatory budgeting" in terms of territorial interests of local communities; to systematize and summarize the data on regional mechanisms of participatory budgeting and their spatial distribution; to analyze to what extent the territorial interests of local communities have been considered in the territory under testing, to identify the burning issues and prospects of the regional mechanism in question.

2. Methodology

The first stage presents the theoretical analysis of the existing scientific approaches to the subject of study in such spheres as management, finance and regional economics, conference materials.

At this stage the principal issue, objective and methods of the study have been identified, plans of diagnostic and experimental studies have been devised. The latter includes the questionnaires of the participants of the process: people, who have to comply with the territorial interests of local communities during participatory budgeting implementation and people, whose interests are to be complied with under local initiatives support program. The diagnostic and experimental area selected is the Tver region (Russia)

The second stage systematizes regional mechanisms of participatory budgeting in terms of compliance with the territorial interests of local communities. The author has analyzed open data of regional governments for 85 regions of the Russian Federation to have information of the spatial distribution of participatory budgeting and to summarize regional experience data. Justification for use of official open data – The Federal Law "On providing access to the information about the activity of state and local government bodies", dated 09.02.2009 N 8-FL (the latest revision).

At the third stage the author identifies stages and phases of projects to illustrate the process of providing grants to local initiatives support programs (LISP) projects from regional budget. The fourth stage reveals the diagnostic study that is aimed at detecting issues, connected with the consideration of territorial interests of local communities during LISP projects implementation in Tver region (territory of testing), the author analyses expert reviews and provides the results. The diagnostic study results and expert reviews helped to check and clarify conclusions, obtained during the analysis and classification of regional mechanisms for participatory budgeting.

The issues, related to compliance with the territorial interests of local communities in Tver region were diagnosed in 2016, 2018 and 2019.

3. Results

3.1. The concept of "Participatory budgeting project"

Nowadays the term "participatory budgeting" is frequently used both in Russian scientific works and at official web pages of government bodies at all levels.

Under this study, we are to systematize and distinguish between the following notions: participatory budgeting, regional mechanism of participatory budgeting, participatory budgeting project.

Participatory budgeting is the distribution of regional and municipal budget funds, in which the local community of the area takes an active part in order to consider its territorial interests.

In terms of territorial development, this tool helps to use budget funds to settle issues that are vital in the opinion of project results users (local communities). The participatory budgeting implementation shall result in the increase in quantity and quality of public and private goods and services in demand that are provided to the population of the area as a result of development or reconstruction of public infrastructure objects.

Regional mechanism of participatory budgeting is the program, developed and implemented by a region of the Russian Federation, within the framework of which various municipal projects are being carried out that are intended to consider and meet territorial interests of local communities.

Participatory budgeting project – development or reconstruction of public infrastructure object that is determined by the municipal unit local community. This development or reconstruction is to be funded by regional or municipal budget with financial or non-financial support of the local community.

As for interrelation between the categories "local community" – "territorial interest" – "participatory budgeting", the authors of this paper support the views of D. Allegretti, A. Röcke, Y. Sintomer, C. Herzberg. In their study, these scientists describe six different participatory budgeting patterns. The patterns constitute concept map, on which one can set and mark empirical events. At the same time, the authors point out that specific participatory budgeting projects are subject to hybridization and fluctuate from one pattern to another.

Patterns distinctive features analysis proves that regional mechanisms of participatory budgeting implementation in the Russian Federation are likely to be the combination of two: "Participatory upgrade" and "Communities development". If we combine them, then we should devise specific rules and procedures to involve the most active population groups that have common needs in terms of area development management.

3.2. Participatory budgeting regional procedures

Nowadays there is no exact data on the number of regions of the Russian Federation that consider and meet territorial interests of local communities during participatory budgeting implementation (2018). The conducted analysis has shown that corresponding mechanisms are being implemented in more than 40 regions of the Russian Federation.

Most of the given mechanisms belong to the second level of participatory budgeting, which implies that the projects are being evaluated by approved criteria and calculated formula, not by expert panels.

The LISP is being implemented in 10 regions. (This is the first level of participatory budgeting).

The local initiatives support program turned out to be the first participatory budgeting project in Russia. For the first time, it was implemented in the Stavropol Territory in 2007.

Apart from LISP there are many special programs in Russia. Among them are: "Let's decide together", "Your budget", "Budget for citizens", "Public initiatives support program", "Cooperation", "Citizens budget initiative", "Popular initiative support program", "People's Budget", "The Yenisei shore", "Budget for the youth", etc.

For the reported period in Russia have been implemented more than 6000 participatory budgeting projects (LISP) in more than 1000 municipal units. Annually more than 300 000 people in more than 2000 local communities argue that they have their own territorial interests that are to be met. (Dias, 2018).

Quantitative values of LISP implementation are stipulated by the transparency of project mechanisms for local communities. Their representatives not only propose projects or form part of the panels, which deal with territories development, but also take part in all stages of the project: planning, implementation and control.

The fact that in Tambov, Kirov and Sakhalin regions have been implemented several mechanisms means that in these regions there is a wide range of opportunities to meet territorial interests. It is wider than in other regions. For example, in Sakhalin region there are 3 special programs: LISP, "Budget for youth" and "Territories development".

The program "Budget for youth" meets the interests of senior schoolchildren. The regional project "Territories development" launches resource-demanding and expensive projects (up to 100 mili. rubles), aimed at construction or reconstruction of social infrastructure objects, located at federal districts.

To systematize and summarize the data about regional mechanisms of participatory budgeting table 1 presents a classification of the mechanisms. It shows the classifying parameters that can be applied for LISP mechanisms: amount of regions of Russian Federation, in which the programs are being implemented – territory of several regions that belong to different federal districts; area of projects implementation under regional mechanism – Rural and urban settlements, urban districts; the areas, in which the territorial interests of local communities are to be met under regional mechanism – art.14, 15 or 16 of the Federal Law №131-FL. Besides, the projects in question can be classified on the basis of "regional pattern for projects' financing" (Tsurkan, 2019).

Table 1
Regional mechanisms of
participatory budgeting

Classification parameter	Division by parameter
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Amount of regions of Russian Federation, in which the programs are being implemented	One region of the Russian Federation
	Territory of one or several regions within one federal district
	Territory of several regions that belong to different federal districts
Area of projects implementation under regional mechanism	Rural settlements
	Rural and urban settlements
	Rural and urban settlements, municipal areas
	Rural and urban settlements, urban districts
	Rural and urban settlements, urban districts, municipal areas
	Rural and urban settlements and urban districts
	All kinds of municipal units
The areas, in which the territorial interests of local communities are to be met under regional mechanism	Local issues of municipal units (art.14, 15 or 16 of the Federal Law №131-FL), including special vehicles purchase
	water supply networks, street lightning, repair of multi-storeyed houses, improvement of the territory, cultural institution, sawing trees off
	Construction, reconstruction, repair of public facilities; improvement of areas, intended for mass recreation of the population.

Source: compiled by author

3.3. Taking into account the territorial interests of local communities while implementing LISP projects

As it was mentioned above, the LISP is a participatory budgeting procedure that is implemented in 10 regions of the Russian Federation: Kirov region; Tver region; Nizhny Novgorod region; Sakhalin region; the Stavropol Territory; the Khabarovsk Territory; the Jewish Autonomous Region; the Republic of Bashkortostan; the Republic of North Ossetia-Alania the Republic of Sakha; (Yakutia).

The selection of project applications is carried out at regional level. The procedure is based on the set criteria

To make applications for the tender the municipal unit should convene a meeting of residents, at which, by open voting, people should decide what initiative to support. All community members shall consider the initiatives vital for them to be selected.

In each region of the Russian Federation, which implements the program there are specific spheres of territorial interests that are in demand. Judging by them we can get some idea about regional peculiarities of public infrastructure development and the needs of different population groups of municipal units.

For instance, in Tver region in the period from 2013 to 2017 most parameters significantly varied from the average values in other regions. The most popular services and objects in the specified period were water supply and discharge, rural community centers, pavements, etc. (in descending order).

It should be noted that the number of projects, implemented in Tver region mostly depends on geolocation and population size of the municipal unit. The existing state of participating districts and rural settlements can't always be explained by traditional geographic conditions (the location towards main highways, center-periphery interrelations, etc.). The subjective factors and features of the local community are becoming more important (such as activity, involvement, etc.).

In total 15 rural settlements were involved in LISP projects to the maximum extent possible (in the reported period of 2013-2018). Five of them are the most populous municipal units in the districts, four settlements are located near the center (border on the district center, to be exact). Another 5 rural settlements that belong to this group have relatively large population size and are situated in the immediate vicinity of district centers. The most involved rural settlements of Vyshnevolotsky district are Zelenogorskoe, Solnetchnoe, Holoholenskoe are located near main roads. Thus, the differences in the level of activity of local communities in municipal units conform to the principles of location and expansion of the population. It means that they depend on both; economic and geographic position of the area and on expansion pattern of the population (Smirnov, Fomkina, 2017).

Given parameters don't correspond to quantitative values. For instance, in Oleninsky, Staritsky and Vyshnevolotsky district from 3 to 10 projects in each sphere are being implemented. This can be explained by the fact that the local communities of the municipal units, which form a stable territorial community, are able to decide unanimously, what issues are vital for these municipal units.

The conducted analysis has shown that the territorial interests of urban and rural settlements differ from each other. The most common projects in urban settlements are yard territories improvement, in particular, car parking lots marking, security projects, in particular, video surveillance systems installation.

The most common projects in rural settlements are related to water supply, repair and reconstruction of classrooms in rural community centers, in which children dedicate themselves to different kinds of crafts, construction of small pedestrian bridges, etc.

Some projects are devoted to fire safety of settlements (firewater ponds and trenches).

Since 2019 in Tver region it has become possible to purchase special-purpose vehicles within the framework of LISP.

Let's have a look at interbudgetary equations application pattern for municipal units under LISP, as exemplified by Tver region in 2019.

The interbudgetary equations tool, used under LISP grant, which is provided to municipal budget from regional one by tender.

Amount of grant, provided to LISP infrastructural projects in Tver region, shouldn't exceed 700 thousand rubles for rural settlements, 800 thousand rubles for urban settlements and 600 thousand rubles for urban districts.

The obligatory sources of co-financing for LISP projects in Tver region and the amount of funds, received for the period of 2013-2019 are given in table 2. The table is compiled pursuant to publicly available data of the Ministry of Finance in Tver region. The data for 2013-2018 are executed budgets, for 2019 – planned ones. It is crucial to complete all the stages and phases of LISP project to get a grant.

Table 2
Values for LISP participatory projects
co-financing in the period from 2013 to 2019

	2013	2014	2015	2016	2017	2018	2019
Project cost, mili. rub	44	104	174	213	204	204	243,4

Grant from regional budget, mili. rub.	25	60,7	102,9	125,5	126,7	115,5	132,6
Municipal budget funds , mili. rub.	14,8	29,8	44,9	53,6	45,4	57,7	70,6
Funds, borrowed from population mili. rub.	4,2	13,5	26,2	33,9	31,9	30,8	40,2

Source: compiled by author, based on the publicly available data of Tver region Ministry of Finance

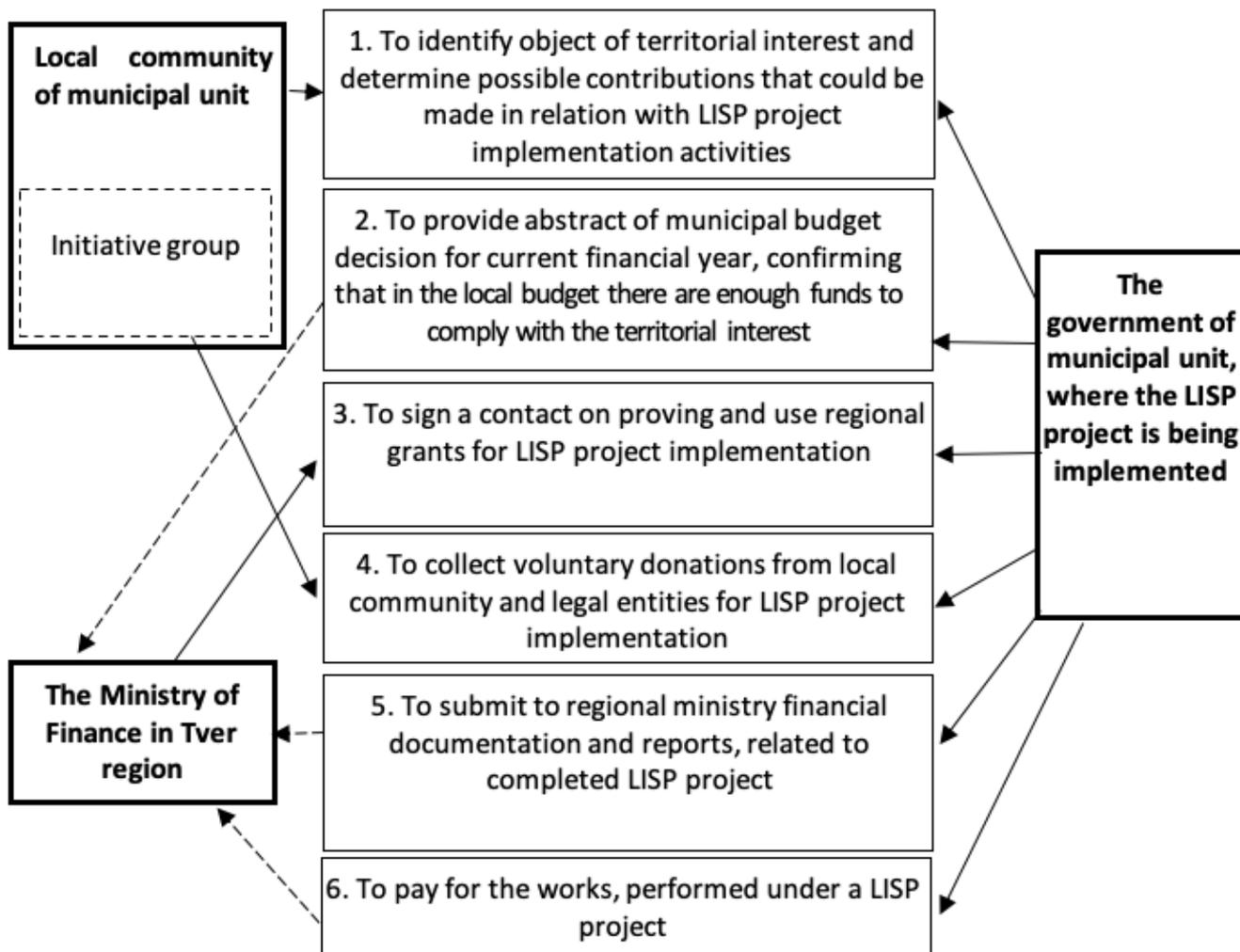
The phase "launching and planning" of LISP project includes five stages: to make preliminary opinion polls or discussions (in order to define municipal unit issues that require immediate solution in the opinion of the citizens, who live in the area, where the project is to be implemented and to determine what support the citizens can provide during project implementation, whether financial or non-financial); to organize meetings of the citizens, who live in the area, where the project is to be implemented; to make application for the LISP project will be able to participate in tender; to carry out LISP projects selection procedure; to execute an agreement between an executive body that is responsible for project implementation in the region and municipal unit that has won the tender.

Project implementation phase includes the following stages: to announce the tender, the winner of which will get the municipal contract; to submit the data on project progress to a regional supervisor within the time limits, specified by the particular region of the Russian Federation; to ensure co-financing on the part of the citizens, who live in the area, where the project is to be implemented; to perform project works.

Project completion stage includes the following stages: to carry out opening ceremony for object of project; to accept works, performed during project implementation; to submit to a regional supervisor data, confirming that the project has been completed in terms, specified by the particular region of the Russian Federation, to pay for contractors' services, which have been provided during LISP project implementation. Figure 1 presents a schematic diagram of the steps or pattern for providing grant for LISP projects in Tver region.

Figure 1

The pattern for providing grant for LISP projects in Tver region



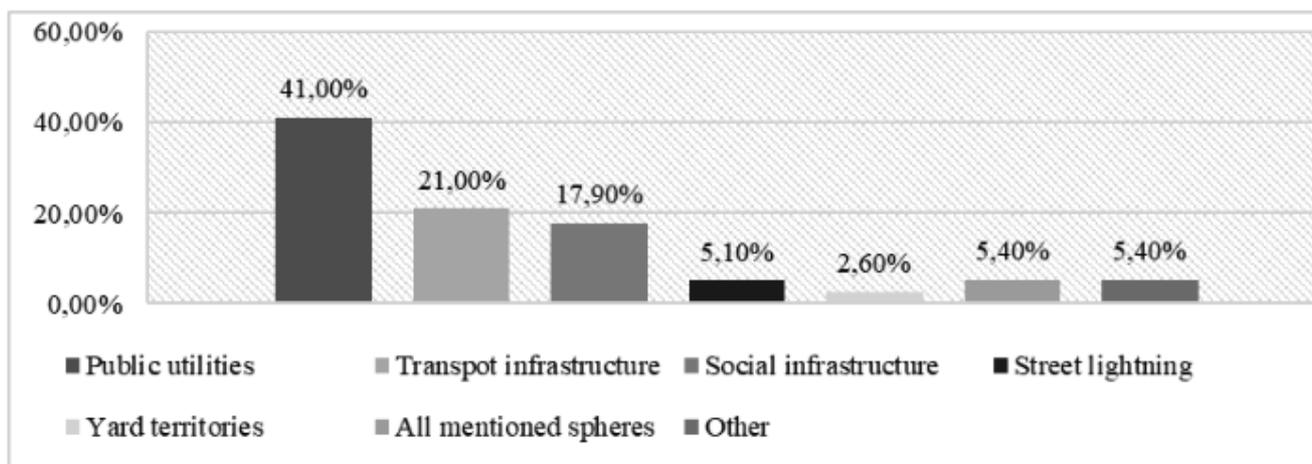
Source: compiled by author

It should be pointed out that this pattern is valid for LISP projects that can be implemented at the first and the second stage. The second stage of LISP project implementation implies a redistribution of grant budget savings, resulting from the selection procedure for contractors.

The diagnostic study has shown that in 78% of municipal entities in the region of Tver, participating in LISP, 87,2% of local government bodies believe that LISP is an effective mechanism that allow complying with territorial interests of local communities. 84,6 % of territorial interests representatives in these territories share the point of view, mentioned above.

Figure 2 presents the spheres, in which territorial interests have been considered and complied with by corresponding projects according to local communities, participating in opinion polls.

Figure 2
Spheres, in which territorial interests of local communities have been complied with during implementation of LISP projects in Tver region. Focus group data



It is worth mentioning that local communities, which have their own territorial interests, local government bodies, which represent these interests and LISP project participants have different points of view, regarding the burning issues of the process in question.

The conducted analysis showed that the main difficulties, which face the local communities in the process of projects implementation are: the lack of information about the possibility of participation in the LISP; restrictions in the choice of objects that can be created or reconstructed under the program; the amount of local grant hasn't been increased since 2013 (the onset of LISP implementation in the region of Tver), and nowadays makes it impossible to implement all the projects, proposed by the local communities; the difference in the amount, granted for support of the initiatives that are aimed at defending the territorial interests of urban and rural communities is double, and they think that it's unfair.

Local governments of the municipal entities that have implemented at least one LISP project mentioned the following difficulties: the percentage of co-funding of the initiative on the part of the local budget is constantly growing, while the amount of subsidy remains the same; small territories often lose regional support tender, for the tender committee thinks that the projects of small local communities don't have enough beneficiaries; in most cases the project implementation deadline is close to winter, and this affects the project implementation quality negatively and makes the project promoters unsatisfied; not all the local community members, who are interested in the implementation of the project are ready to invest in it; dishonesty of the contractor, working at the project; the lack of practicability due to the rise in its price in the period from the launching up to works performance.

4. Conclusions

Here are the following measures that will help to consider and meet territorial interests of local communities under regional procedures of participatory budgeting: to change the selection procedure for projects that are to be included by the parameter number of beneficiaries (this will give the opportunity to launch projects for small local communities); to provide equal financial support for rural and urban settlements, so that they can properly meet and consider corresponding territorial interests (This support should be provided in the form of a regional grant); to make implemented programs more transparent for municipal units that are situated far from administrative center; to enlarge the list of objects that require compliance with the territorial interests (Such objects can be created or reconstructed under the program, if they are included into regional property program).

Further development of this issue implies spatial-temporal comparison, related to the results of LISP projects implementation in regions of the Russian Federation. It will help us to establish correlational dependence between such characteristics as: geolocation, population size of the municipal unit and the sphere and amount of territorial interests of local communities that have been considered and complied with.

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