

## Influence of the Participatory Budgeting on the Infrastructural Development of the Territories in the Russian Federation

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### ABSTRACT

The relevance of the investigated problem is caused by the need for the advancing of participatory budgeting practice in the Russian Federation. Due to insufficient development of theoretical, scientific, and methodological aspects of the participatory budgeting, very few territories in the Russian Federation use this tool effectively. The most important issue to be addressed is increasing the effectiveness of involving of local communities in the process of the rational allocation of budgetary funds. The objective of this paper is to study how participatory budgeting influences the potential of infrastructural development of territories in the Russian Federation. The leading methods of investigation of the problem include analyzing the common practices in certain regions and specifying the different categories of participatory budgeting. Using these methods, the authors consider the participatory budgeting as a process of allocating the budget funds to address the primary local problems, which leads to improving territorial infrastructure development. The results of the given research include updated conceptual basis of participatory budgeting; indicators reflecting the influence of the participatory budgeting on infrastructural development and criteria for its implementation in the municipalities; organizational chart clarifying the methodological aspects of different types of the participatory budgeting; and classification of territorial development mechanisms based on the participatory budgeting models of financing municipal projects. The practical significance of the given research is focused on the development of the practice of the relevant projects financing through the participatory budgeting in the Russian regions by systematizing their conceptual frameworks. Results of the study can be used by regional and municipal authorities to improve the relevant legislation, and by representatives of local communities to increase their participation in the budgeting process.

### KEYWORDS

Participatory budgeting, infrastructural development, territory, project, authorities, local community

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## Introduction

The potential for the infrastructural development of territory is strongly linked with the ability of local authorities to attract resources. When economic situation is unstable, local budgets and budget transfers from regional and federal level remain the main sources for addressing the needs of territories in Russia (Obuschenko, 2015; Davydov, 2011). In this context, it is particularly important to conduct proper fiscal policy at the regional and municipal levels, allowing direct resources to finance priority projects.

At the same time in the majority of subjects of the Russian Federation public's influence on the budget process is limited to public hearings of the budget, which often do not provide opportunities for interaction between government and society. The exceptions are those regions that already have experience implementing participatory budgeting tools. These tools are new to the Russian Federation, but we already can see them in action at some territories. Thus relatively few publications of Russian scientists and practitioners investigated problems of participatory budgeting showing absence of proper methodical basis. In particular, the unified approach to defining the category "participatory budgeting" has not been formed yet. It makes difficult to analyze the impact of participatory budgeting on the development of the territories.

For the first time the term "participatory budgeting" appeared in international scientific journals in the late 1980s and became widespread in the early 1990s. In the beginning, the studies in this field referred to projects implemented in the City of Porto Alegre, the state capital of Rio Grande de Sol in Brazil. These projects were aimed to increase activity of the citizens through the public discussion of urban problems and priorities of budget spending. In other words, the population of one of the most important cities in southern Brazil, a cultural, political and economic center of the region, has not been able only to express their opinion on the city budget, but also to decide how to allocate it into various items, as well as getting acquainted with the difficulties of this process. Currently in Brazil, more than 300 different participatory budgeting practices exist, making this country the leader of participatory budgeting in the world (Wampler, 2010).

Over time, the practice of application of this tool has spread to other parts of North America, including: the Andean countries (Ecuador and Peru), Argentina, Uruguay, Chile, Colombia and the Caribbean. During mid-2010s in Latin America, 618 to 1130 participatory budgets were approved. The number of participatory budgets adopted in the world ranges from 1269 to 2778 (Shah, 2007). In 2003, Peru adopted a law on the participatory budget, which in later years has been amended to simplify the budgeting process that was originally envisaged (Wagin, 2015).

In Europe, the first experience of the implementation of a participatory budgeting occurred in France, Spain and Italy. German municipalities initially considered a participatory budgeting in the context of the modernization of local government, implementing it in the "City of Tomorrow" project. German authorities used the model of the municipality of Christchurch in New Zealand, versus model developed by the City of Porto Alegre (Brazil). In the UK, testing of a participatory budgeting was held somewhat later than in other countries of the "old world". However, almost immediately, the UK government supported the

use of the reporting tool to develop the territories. In Poland, a national law regulating the implementation of a participatory budgeting was elaborated in 2009. The adoption of this legal act has become a serious incentive to use the new tool within the framework of joint funding participatory budgeting in all rural areas. With the support of the organization "Federation of Leaders of Local Group" (from 2013 "Polish Watchtower Civic Network"), which has the main objective to monitor and improve the quality of a participatory budgeting, Poland in 2012 became the European country with the highest number of implemented participatory budgeting projects (Allegretto et al., 2013).

Currently, a participatory budgeting experience obtained in Africa, mainly includes Senegal, Cameroon, Republic of Congo and Madagascar (Olowu, 2003).

In Asia by 2005, the participatory budgeting appeared on an experimental basis in several countries, and remaining in its infancy. South Korea and China began to use the Brazilian model as the basis in the debate on implementation issues under consideration of budgeting. Note that the largest number of participatory budgeting projects was already implemented in China and South Korea. In these countries, the laws on local finances were passed, which allows introducing the participatory budgeting model in every third municipality (Vagin, 2015).

In India by 2012, 58 to 109 projects were implemented involving budgetary funds to address key local territorial development problems identified by the population (Liu & Traub-Merz, 2009). Since 2007, the practice of participatory budgeting started in the Russian Federation within the framework of the Program for Supporting Local Initiatives (PSLI). This Program provides the legal basis for public participating. Nevertheless, the conceptual foundations for the implementation of relevant projects is unclear not only to local communities (mandatory participants of the relevant projects), but also the authorities involved in the process.

Modern realities require the identification and systematization of scientific approaches to the definition of the category "participatory budgeting". It is also important to identify the main phases of formation and advancing participatory budgeting in the world, and to analyze Russian practices of the infrastructural territorial development.

## **Methods**

### ***Research methods***

The research was conducted using the traditional theoretical methods, such as specification, synthesis, and modeling. Empirical methods include the studying the experiences of the implementation of participatory budgeting projects in the world, and analyses and systematization of legislative documents. Experimental methods, mathematical statistics and graphics were used for outlining the conclusions.

### ***Research phases***

The study was conducted in the following three phases.

The first phase was focused on the theoretical analysis of the existing methodological approaches to the relevant issues in economic and sociological

literature, discussions of the conclusions at the scientific conferences. At this phase, the problem, and the purpose and methods of the research were highlighted; the research plan was developed. The research plan was aimed to create the conceptual basis for participatory budgeting of the projects taking into account the Russian practice.

During the second phase, the basic terminology in the relevant area was allocated and advanced with new definitions; the organizational chart was structured to clarify the methodological aspects of participatory budgeting. The grounded model was created and incorporated into the concept of using participatory budgeting as a tool for infrastructure territorial development in the Russian Federation. The authors categorized the territorial development mechanisms in the framework of participatory budgeting, accounting for the focus areas of the projects, financing models employed, and the effects on the project participants.

The third phase includes systematization of the theoretical and practical findings, summarizing recommendations, and compiling the results.

## Results and Discussions

### *Justification of the category "Participatory budgeting"*

Currently, the term "participatory budgeting" has become increasingly common in the works of Russian scientists and the official websites of authorities of all levels. At the same time, some sources also mention such terms as "proactive budgeting", "participative budgeting", and "extra-budgeting". All these terms are used as synonymous, but they are only interrelated.

In the Russian practice, the terms "participatory" and "participative" appeared as a translation based on the English word for "part", but the definitions of these categories in the budgeting context in essence are different and are not always identical.

Analysis of the relevant definitions, which are referenced in the theoretical and methodological sources, revealed the diversity of approaches, and was conducted establishing the differences of these categories. Overview of the definitions of "proactive budgeting," "participatory budgeting", "participative budgeting", and "extra-budgeting" are presented in Table 1.

**Table 1.** Approaches to the definition of the categories, reflecting the degree of public participation in the budgeting process

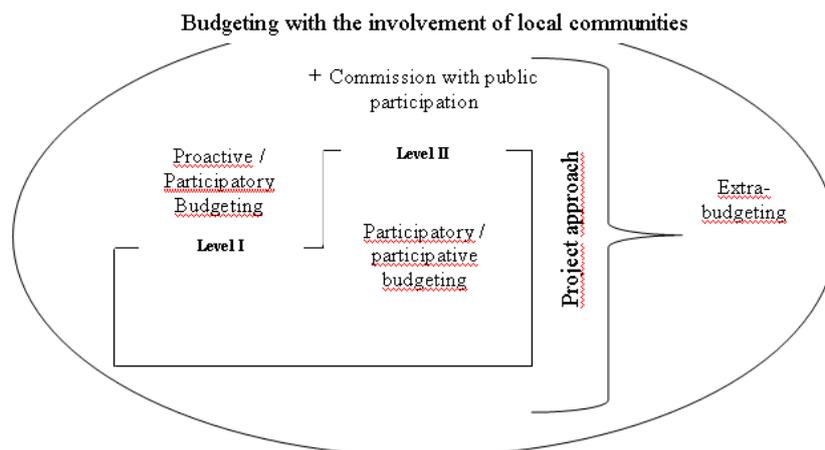
Category	Authors (source)	Definition
<i>Proactive budgeting</i>	V.V. Vagin (2015)	The first phase of a participatory budgeting in Russia, which is understood as a set of different, based on the initiative of the civil practices to address local issues with the direct participation of citizens in identifying and selecting objects of budget spending, as well as the subsequent monitoring of the implementation of the selected projects

	I.A. Sokolov, T.V. Tishchenko & A.A. Khrustalev (2013)	The collection of diverse, based on civil initiative, practices to address local issues with the direct participation of citizens in identifying and selecting objects of budget spending, as well as the subsequent monitoring of the implementation of the selected projects
	V.V. Vagin, N.V. Gavrilova & N.A. Shapovalova (2015a)	One version of the well-known all over the world a participatory budgeting, implemented in Russia; The current stage of a participatory budgeting in Russia
<i>Participative budgeting</i>	N.V. Bogatyr (2013)	The distribution of the budget of the territory (municipality, region, city) by means of conciliation, or the budget committee, consisting of representatives of the administration and residents, the authors of civil initiatives, chosen by lot, or the decision of gathering / meeting of citizens
	I.A. Sokolov, T.V. Tishchenko & A.A. Khrustalev (2013)	The practice, which appeared in 1989 in Porto Alegre (Brazil) as a form of direct democracy and the alleged participation of citizens in decisions about the choice of priorities of budget spending. The mechanism involves the allocation of a dedicated part of the city budget or external funds attracted with the participation of the commission, consisting of representatives of the citizens according to a strictly defined municipal procedure
	The official portal of the Government of the Penza region	Public participation in the distribution of the municipal budget
	D. Allegretto, A. Reke, I. Sentome & C. Herzberg (2013)	The process of development and approval of the local budget with public participation, the process of creation and approval of the financial co-management plan, implemented by citizens and local authorities
	L.N. Bogdanov (2015)	The new budget mechanism in which certain (initially small) share of the budget is allocated on the basis of the direct public participation
<i>Participatory budgeting</i>	D.V. Meltser (2015)	Distribution of the budget of the city with the help of the commission, consisting of citizens
	N.S. Sergeenko (2015)	Process of distribution of the budget with the assistance of the commission, consisting of representatives of the citizens and the municipality

	A.S. Moliakova (2015)	1. Designed to expand the scope of participation of citizens / public in the municipal budget process through the convening of a special commission to deal with the distribution of resources allocated to them; 2. Process of distribution of the budget with the assistance of the commission, consisting of representatives of the citizens and the municipality
	D. Sangiev (2015)	Practice of involving local communities in the distribution of one to ten percent of the municipal budget
<i>Extra-budgeting</i>	N.V. Bogatyr, V.V. Vagin, S.A. Gridin, G.V. Courland, M.Y. Nahrov, M.V. Safonov, A.A. Spiridonov, A.S. Sukhov, E.A. Timohina, E.G. Shaposka, L.A. Shilov & I.E. Shulga (2014)	Allocation of funds from the regional budget for the implementation of selected residents of municipal projects. As a rule, it provides co-financing of projects by municipalities, interested citizens and legal entities
	The official portal "Open budget of Leningrad region"	Co-financing of projects by citizens and entrepreneurs (bring together urban and rural administrations, citizens, business and non-profit organizations and other stakeholders to determine priorities in addressing local problems)

Source: compiled by authors

Correlation between the categories identified at Table 1, represented in the Figure 1, clarifies the conceptual space of a participatory budgeting as a possible tool for the infrastructure development of territories in Russia.



**Figure 1.** Conceptual space "Participatory budgeting" category in the works of Russian scientists

Source: compiled by authors

Thus, the authors concluded that participative (proactive) budgeting in Russia is the first phase of participatory budgeting. The second phase involves the commission, which consists of public and authority representatives (deliberative commission) in the process of distributing the budget. Category "extra-budgeting" is not a synonymous to selected categories, but is a particular case of implementation of a participatory budgeting during the first or second phase, which implies a compulsory co-financing of the projects.

Term "participatory budgeting" as used in the world, has a broader meaning than in Russia, due to the difference in the legal field. For the Russian practice, in the absence of a unified approach, we propose the following definition clarifies this category:

Participatory budgeting is a process of development and approval, and/or distribution of the municipal budget as part of the project implementation approach assisted by the commission, which consists of the local authorities' representatives and the public.

The Ministry of Finance of Sverdlovsk region using a different approach to the definition of the "participatory budgeting", which does not include co-financing of the projects, as opposed to "extra-budgeting". This fact limits the broad interpretation of "participatory budgeting" category proposed by the authors, and emphasizes the diversity of approaches and attempts to systematize the relevant categories, reported in this paper.

According to the approach suggested by V.V. Vagin, N.V. Gavrilova & N.A. Shapovalova (2015a) within the study of the conceptual basis of participatory budgeting implementation in the framework of the Center for Proactive Budgeting of Research Financial Institute of the Ministry of Finance of the Russian Federation, "there is at least five criteria for classifying projects in participatory budgeting: discussion of budgetary issues; the participation of representatives of local authorities; serial process of implementation; public discussion with the participation of citizens; organization of public accountability".

According to the conclusions formed in the framework of the I All-Russian Conference on proactive budgeting, a mandatory conditions of participatory budgeting are: "the involvement of citizens in all phases of the budget process through meetings with experts, training seminars the basics of the budget process; the interested representatives of the administration participated in public meetings; summarize and report on the expenditure of the budget available to any citizen.

These approaches may be recognized as lawful, summarizing the global experience of implementing projects using participatory budgeting, and considered as elements of a theoretical framework for the given field.

### ***Development of performance criteria for participatory budgeting implementation in the municipality***

The authors, considering two previously mentioned positions, suggested including the following criteria of participatory budgeting implementation in the municipality:

1. Increasing knowledge of the population of the municipality in the area of formation of the territorial budget and the use of its funds through public meetings with experts, training seminars, and discussions of budget issues;

2. Public involvement in all phases of the local budgeting process: formation (public discussion with the participation of citizens), approval, distribution, control (organization of public accountability, i.e. the public summarizing and reporting the existence of budget spending with comprehensive information available to any resident of the municipality);

3. Involvement of representatives of the municipality administration (participation of representatives of local authorities) in public meetings on a participatory budgeting;

4. The continuous process of implementation of participatory budgeting, in particular, the launching of a new project immediately after the end of previous one.

Such a tool as a "budget for the public" can be used to fulfill the second criterion. The budget for the public is a simplified version of the budget document of the municipality, which uses informal language and accessible formats to facilitate understanding of the budget by the public explaining the plans and actions of local government during the fiscal year, and showing the forms of possible cooperation with local authorities.

The analogue of the "budget for the public" was developed by the Committee of Civil Initiatives within the framework of the project "Open Budget".

In the context of socio-economic development of the basic concept of participatory budgeting can be represented as follows. Participatory budgeting is a budget and fundraising tool to address the primary local problems, according to users of project results (public). The main effect is to increase the infrastructure performance, and quantity and quality of goods, works, and services, provided for the territorial population.

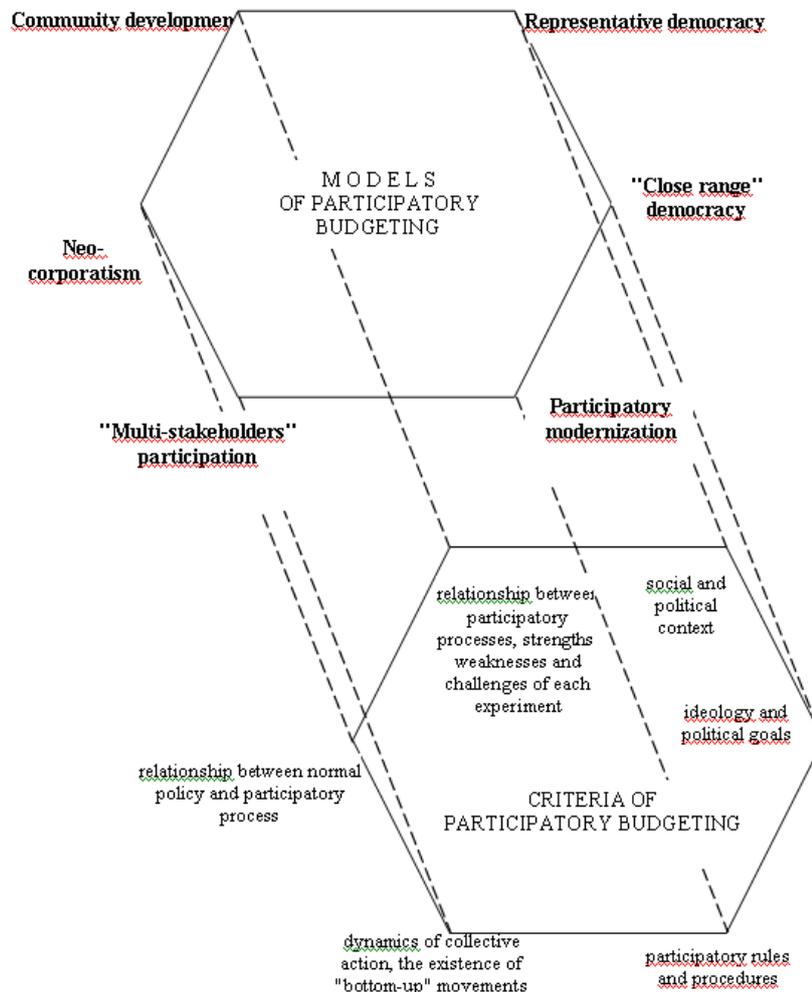
### ***Definition of participatory budgeting model that is applicable in the Russian Federation***

Formation and development of a participatory budgeting in the world were based on the scientific researches, which refined the methodological basis for its implementation. In particular, foreign scientists suggested several approaches to the typology and classification of a participatory budgeting. However, current approaches are not universal, i.e. not suitable for systematization of the possible forms of the process.

In the world practice, six categories ("ideal types") of participatory budgeting considered in conjunction with other management models were created. The authors offer a description of the six different models, constituting together a conceptual map, which allows arranging and designating the empirical events.

At the same time, the authors note that specific projects prone to hybridization and oscillation between these models of participatory budgeting. Participatory budgeting models within the analyzed scientific approach can be translated as follows: representative democracy; "close range" democracy in; participatory modernization; multi-stakeholders; neo-corporatism; community development.

Methodological aspects of the participatory budgeting modes in the framework of above mentioned scientific approach can be represented as shown in Figure 2.



**Figure 2.** Methodological aspects of a participatory budgeting in the works of foreign authors

Source: Developed by the authors (on the base of Allegretti et al., 2013).

The analysis of the presented criteria led to the conclusion that the existing mechanisms for the implementation of participatory budgeting in Russia are the closest to the model of "community development". This model is embedded in the concept of using a participatory budgeting as a tool for infrastructural territorial development focused on priority areas chosen by local communities, which allows us to consider the this process as an element of economic impact.

Financing projects in Russia within participatory budgeting can be carried out in the following areas (within the boundaries of the municipality):

- maintenance and development of the territorial infrastructure (electricity, heat, gas and water supply, etc.);
- maintenance and construction of local public roads, bridges and other engineering infrastructure;
- maintenance and construction of housing, infrastructural preparation for housing construction;
- creating conditions for providing public transportation services;
- creating conditions for communication services, public catering, trade and other consumer services;
- maintains of urban territories, landscaping, forest protection.

### ***Classification of participatory budgeting based on the regional experience of the Russian Federation***

At the present phase, participatory budgeting are mainly used for the infrastructural territorial development in the Russian Federation in the framework of Program for Supporting Local Initiatives (PSLI), "Public Budget" projects, "Public Initiative" projects; projects implemented with the support of "RES PUBLICA" Center of the European University (St. Petersburg).

One of the tools for the participatory budgeting implementation in the framework of the project approach in the Russian Federation is a Program for Supporting Local Initiatives (PSLI). This program started in 2007 in several Russian regions, including Stavropol region (which was the first), Khabarovsk region, Kirov region, Nizhny Novgorod region, Tver region, Republic of Bashkortostan, Republic of Karelia, North Ossetia-Alania (Lapushinskaja, 2014). Within the PSLI public involved in the process of selecting municipal projects for the realization, co-financing, and allocating the budgetary funds, supervising projects' implementation, including signing the act of reception-transfer of the results.

Among the specific features of the co-financing of projects within the framework of PSLI is financial self-involvement of the citizens to address priority (according to their opinion) problems of social infrastructure: water supply, local roads, street lighting, renovation of cultural centers, etc. This involvement means co-financing of the project as a percentage, the minimum limits of which are established by regional legislation.

Analysis of legal documents regulating the implementation of participatory budgeting within the framework of PSLI revealed regional norms of co-financing presented in Table 2.

**Table 2.** Regional regulations for co-financing of the projects within the framework of PSLI (2016)

Subject of the Russian Federation	The share of co-financing the project by gratuitous receipts from individuals (population), %	The share of co-financing the project from the budget of the municipality, %	The amount of a grant from the regional budget, million rubles
Stavropol region	> 0	≥5, но ≤20, depending	≤3

		on the level of municipal budget profitability	
Kirov region	$\geq 5$	$\geq 5$ , for the projects implementing at the level of municipal district or settlement; $\geq 10$ for the projects implementing at the city level	1. municipal settlement (up to 4 projects): 1 project $\leq 1,5$ 3 projects $\leq 0,5$ 2. City $\leq 1$ 3. municipal district $\leq 3$ for 3 projects
Tver region	$\geq 5$	$\geq 10$	$\leq 0,7$ municipal settlement; $\leq 0,8$ city
Nizhny Novgorod region	$\geq 5$	$\geq 20$	$\leq 75\%$ of the project amount
Khabarovsk region	$>1$ of the amount of funds required from the region budget	$\geq 5$ of the amount of funds required from the region budget	$\leq 2$
Republic of Bashkortostan	$>3$	$>5$	$\leq 1,5$
Republic of Karelia	$\geq 5$	$\geq 10$ municipal settlement; $\geq 20$ city	$\leq 0,5$ ( $\leq 75\%$ of the project amount - for the city; $\leq 85\%$ of the project amount - for the municipal settlement)
North Ossetia-Alania	$\geq 5$	$\geq 5$	$\leq 0,7$

Source: compiled by authors

Project areas funded within the framework of PSLI on the example of the Tver region are shown in Figure 2.

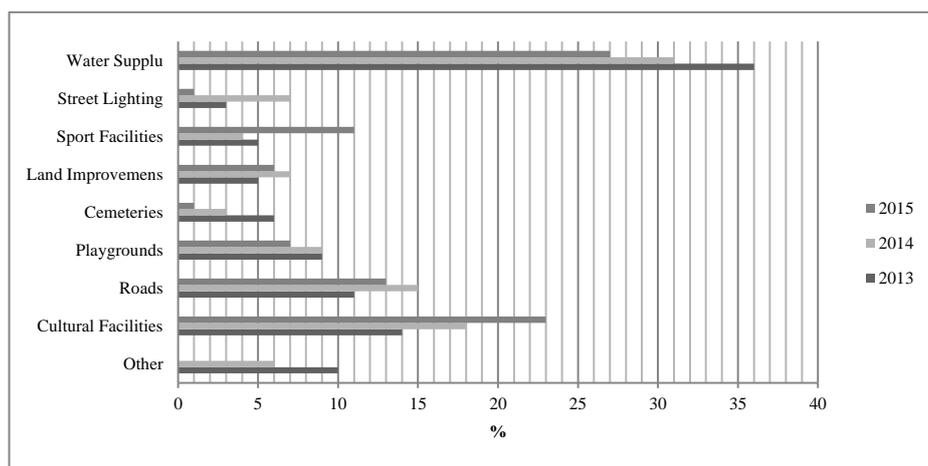


Figure 3. Project areas funded within the framework of PSLI on the example of the Tver region, %

Source: compiled by authors

Projects implemented within the framework of PSLI represent a form of proactive budgeting and belong to the first phase of participatory budgeting. The key problems of infrastructural territorial development were solved through the realization of these projects. These problems were chosen from the perspective of the population of municipalities, what allow creating or rebuilding elements of transport, energy, social and communal infrastructure. This set of implemented within the framework of PSLI projects had a significant synergistic effect on increasing the infrastructure performance, and quantity and quality of goods, works, and services, provided for the territorial population.

In 2011, "Public Budget" projects started in several regions of Russia, including Irkutsk, Sverdlovsk, Omsk, Ryazan, and Volgograd regions. These projects were based on the principles of participatory budgeting. In the original form, "Public Budget" projects had low efficiency, and only a few regions were able to advance existing practice of participatory budgeting. But even under the original form of "Public Budget" projects in 2011-2013, the problems of water supply, street lighting and landscaping had been solved at the territories of many municipal settlements. Highest efficiency of "Public Budget" project implementation was achieved in Tula region, and the best practices of "Public Initiative" projects were performed in Irkutsk and Tambov regions (Vagin, 2015).

The authors' classification of the concepts of infrastructural territorial development mechanisms in the framework of participatory budgeting, including PSLI, "Public Budget", and "Public Initiative" projects, is presented in Table 3. The infrastructural territorial development mechanism in this context includes interrelated methods and tools of participatory budgeting used in specific regional practice for increasing the infrastructure performance, and quantity and quality of goods, works, and services, provided for the territorial population.

**Table 3.** The authors' classification of infrastructural territorial development mechanisms in the framework of participatory budgeting

Basis for classification	The base for the breaking into the groups	Currently ongoing examples	Notes
Number of the subjects of the Russian Federation, implementing the mechanism	The territory of one subject of the Russian Federation	Currently, the mechanisms of development of territories within the framework of participatory budgeting is implemented on the territory of only one or more subjects of the Russian Federation within the boundaries of one federal district is not practiced	Stavropol region, Kirov region, Tver region, Nizhny Novgorod region, Republic of Bashkortostan, Khabarovsk region, Republic of Karelia, North Ossetia-Alania
	The territory of several subjects within the boundaries of one federal district		
	The territory of several subjects within the boundaries of several federal districts	PSLI projects	

		"Public Initiative" projects	Irkutsk region, Tambov region
		"Public Budget" projects	including Tula region, Republic of Sakha (Yakutsk)
		Projects implemented with the support of "RES PUBLICA" Center of the European University (St. Petersburg)	Kirov region, Vologda region, Leningrad region
	The territory of the Russian Federation	Currently, participatory budgeting projects do not cover all this territory	
Territory of mechanism's implementation	Urban settlements and urban districts	Projects implemented with the support of "RES PUBLICA" Center of the European University (St. Petersburg)	It depends on the regional regulatory framework
	Urban and rural settlements, urban districts	"Public Budget" projects	It depends on the regional regulatory framework. On the territory of the Republic of Sakha project is being implemented only in the urban district of Yakutsk
	All types of municipalities	PSLI projects	It depends on the regional regulatory framework, but the experience of implementation in the territory of all types of municipalities of this mechanism has already been obtained in the Kirov and Nizhny Novgorod region. Since 2016 in the Kirov region solving the local through this mechanism is possible with initiative of gardening partnership
Areas of mechanism's implementation	Areas of local authorities responsibilities (Articles 14 and 16 of the Federal Law №131)	"Public Initiative" projects	The development of communal, social, energy and transport infrastructure of the municipality
		"Public Initiative" projects	Renovating and equipping schools and kindergartens,

			purchasing special vehicles and vehicles for public transportation, improving water supply and heating systems
		Projects implemented with the support of "RES PUBLICA" Center of the European University (St. Petersburg)	
	Concretized: water supply systems, street lighting, repair of houses, landscaping, cultural institutions	"Public Budget" project (Tula region)	Classification reflecting regional specificity of the "Public Budget" projects mechanisms
	Concretized: construction, reconstruction, repair of public facilities; educational, cultural and sports events; charitable, social, volunteer action; landscaping the urban district, places of mass recreation of the population	"Public Budget" project (Republic of Sakha)	
Phase of participatory budgeting, implemented in the mechanism	Proactive budgeting	PSLI projects	
	Participatory budgeting with deliberative commission (authorities + public)	"Public Budget" project	
		"Public Initiative" projects	
Financial model of the mechanism	Direct financing	Projects implemented with the support of "RES PUBLICA" Center of the European University (St. Petersburg)	
	Co-financing from the regional and local budgets	"Public Initiative" projects (Irkutsk region)	Based on the "extra-budgeting" principle
	Co-financing from the regional and local budgets and financial self-involvement of the public (users of the project results)	PSLI projects	
		"Public Budget" project	"Public Initiative" projects (Tambov region)

Source: compiled by authors

### ***Outlining the factors of influence of participatory budgeting on the potential infrastructural territorial development***

Systematization of scientific concepts of participatory budgeting and analysis of regional practices in this field allowed the authors to create a list of factors of influence of participatory budgeting on the potential infrastructural territorial development, including the following:

- Reality of solving of most important territorial problems from the public point of view;
- Variety of possible areas for the implementation of participatory budgeting projects that allows their use as tools for the development of social, transport, energy and other elements of the local infrastructure;
- Ability to attract funds from the regional budget and extra-budgetary sources to address local issues;
- Increase of the public satisfaction with the quality of local services through the implementing participatory budgeting projects, etc.

Among the social and economic effects, the most important ones are the optimization of budget expenses, budget revenue growth, creation of new jobs, environmental benefits, and increasing the quality and quantity of services provided. Accessibility of these effects caused by the main principle of a participatory budgeting, which is the public participation in the distribution and subsequent monitoring of the use of budgetary funds. Studies have shown that in the municipalities implementing participatory budgeting mechanisms, public satisfaction with services and infrastructure development within the territory has increased significantly (Shulga, Sukhova & Khachatryan, 2015).

The social and political effects are interconnected, so in the framework of participatory budgeting they should result in the following changes:

- Public attitudes towards different levels of government (the growth of public confidence in the government and its actions);
- Understanding of the public role in promoting the participation with local government (reducing dependency attitude).

Given the direct relationship of the proposed factors and these effects, is currently the most appropriate to apply a participatory budgeting for the development of rural areas.

By 2014, the public especially in rural areas continue to face serious infrastructure problems. In rural areas, 32% of villages have no central water supply, and 25% of them have no paved roads to travel. Only 5% of the population of the rural areas has access to sanitation. Solving the key local problems in the framework of participatory budgeting will contribute to the sustainable development of rural areas, leading to the improving agricultural production by raising its efficiency, increasing employment of the rural population and their quality of living.

The study of economic literature allows ascertaining the absence of specific studies on the conceptual basis of the implementation of participatory budgeting project in the Russian Federation. Scientists in the field of sociological research (Allegretto et al., 2013) and economics (Songmin, 2013) studied various aspects of the implementation of participatory budgeting in Europe, Asia, and Africa. In the papers, the authors proposed six categories ("ideal types") of participatory budgeting, which correspond to the principles of people's democracy. Other scientists in their writings insist that the best practice implementation of participatory budgeting projects is Brazil (Wampler, 2010). W.Shah (2007) consider Latin America as the territory with the best practice according the observed dynamics of the biggest occurrence of projects in one calendar year. In India, solving of the key problems of the local communities analyzed in the works, highlighting the weak interest of the population in the implementation of

participatory budgeting projects, and at the same time noting the slight tendency to increase the number of such projects (Liu & Traub-Merz, 2009).

The variety of approaches to the definition of categories, reflecting the possibility and extent of public participation in the budgeting process have revealed not only the works of these authors, but also the works of R. Hayrapetyan (2014), A.A. Sukhova (2015), E.V. Matveeva (2013), D.V. Meltzer (2015), H.S. Sergienko (2015) and others. Analysis of this works leads to the conclusion about the absence of a unified scientific approach to the understanding of the test process, which complicates the process of interactions between the scientists and practitioners in the field of economics and sociology.

The greatest experience in implementing proactive budgeting projects in Russia accumulated under the PSLI in the works of V.V. Vagin, N.V. Gavrilova, and N.A. Shapovalova (2015b). The works of the authors do not analyze the experience from the perspective of development of the territories, which could become the basis for a comparative analysis of the effectiveness of project management. Whereas in February 2015, the Russian Government adopted a strategy for sustainable development of rural areas until 2030, the analysis carried out in the works of G.K. Lapushinskaia (2014), led to the conclusion that participatory budgeting is considered in the document as a tool to enhance local self-government. In particular, the strategy identifies the following problem: the development of the practice of financial support for rural communities through the provision of grants for the implementation of social projects and other forms of support for local initiatives in rural areas.

The World Bank's contributed significantly to the promotion of participatory budgeting process in the world. While its publications are mostly for informational purposes, they do not contain any scientific foundations, which could apply to the Russian practice.

As compared to the works by other authors (Vagin & Kuzin, 2015) that did not suggest any system approach, the authors studying Russian practice of participatory budgeting in other programs and projects, developed the most complete classification in this paper.

Analysis of the literature and practice of regional implementation of the projects concluded that the study of the conceptual foundations of participatory budgeting have not been done properly, and unorganized existing scientific works show the absence of theory and methodology in studying the problem. The authorities often implement projects using the wrong interpretation of the basic concepts in the field of the study, and carried out improper comparisons budgeting tools in explaining to the local community their opportunities to participate in the planning and budget allocations to address priority problems.

At the same time, the authors believe that the existing scientific approaches reflect a superficial study of using participatory budgeting as a tool for infrastructural territorial development in the current economic situation, and require a more thorough review to increase effectiveness.

## Conclusion

During the study authors made the following conclusions:

Currently the uniform approach to the category "participatory budgeting" has no formed yet, which hinders its practical application. The analysis of the

theoretical and methodological sources allowed to offer its definition, as well as to conclude that the term "participative" is identical in meaning to the term "participatory", and "proactive budgeting" is the first step in a participatory.

The authors believe, that existing mechanisms for the implementation of a participatory budgeting in Russia are the closest to the model of "community development" (one of the six models considered in the works of foreign authors). This model is embedded in the concept of using a participatory budgeting as a tool for development of infrastructure in the priority areas with the position of local communities, which allows us to consider it as an element of economic impact.

The authors classified the concepts of territorial development mechanisms in the framework of participatory budgeting used in domestic practice. The following reasons were used as reasons for this classification: territory of the implementation of the mechanism; the number of the subjects of the Russian Federation, implementing the mechanism; the focus area of the implementation of the mechanism; stage of a participatory budgeting to be applied in the mechanism; model of financing the projects under the mechanism.

The authors developed the list of factors of influence of participatory budgeting on the potential infrastructural territorial development, including the reality of solving of most important territorial problems, variety of possible areas for the implementation that allows to advance social, transport, energy and other elements of the local infrastructure, and the ability to attract funds from the regional budget and extra-budgetary sources.

The social and economic effects of participatory budgeting implementation result in the optimization of budget expenses, budget revenue growth, creation of new jobs, environmental benefits, and increasing the quality and quantity of services provided.

To solve the problems of incorporating participatory budgeting into the practices of the infrastructural territorial development throughout the territory of Russia, authors offered the following guidelines:

Further integration of participatory budgeting mechanisms in the strategic planning of the territorial development at the federal level.

Improving the institutional environment of the use of participatory budgeting for the development of territories (in particular, the development of a federal law to ensure the implementation of the test process). Advancing public knowledge for opportunities to participate in the budgeting process at the local level in the framework of the project approach. The basic methods include promotion of different elements of participatory budgeting mechanisms.

At the present, experience in implementation of participatory budgeting projects was accounted in forming the Strategy of sustainable development of rural territories of the Russian Federation for the period until 2030, the federal target program "Sustainable rural development for 2014 - 2017 and for the period till 2020", the Russian Federation state program "Development of the North Caucasus Federal District".

Under the conditions of the optimization of budget expenses, participatory budgeting can become one of the main instruments for infrastructural territorial development. It is very important for of the population. This aspect can be

considered as main instrument of decreasing social tension and improving political trust, especially at the municipal and regional level.

In the course of the study, new questions and problems arise to its decision. The universal model of implementation of participatory budgeting projects needs to be developed and tested in Russia at the regional level.

### Implications and Recommendations

This paper is valuable to scientists studying different aspects of the infrastructural territorial development, problems of the distribution of public and municipal finance tailored to the needs of the population in the area of public infrastructure elements. In addition, materials can be used by representatives of regional and municipal authorities and civil society to substantiate decisions on the development of the territories within the project approach.

### Disclosure statement

No potential conflict of interest was reported by the authors.

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