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PARTICIPATORY BUDGETING IN RUSSIA: TWO EXPERIMENTS IN MUNICIPALITIES

Abstract:

This essay is written as part of the PhD course, ‘Arctic extractive industries. Issues of Arctic resource management’, and addresses the issues of public sector budgeting, mainly participatory budgeting in the northwest of Russia.

Taking into account the top-down reform tradition (Antipova & Bourmistrov, 2013; Timoshenko, 2008) in the Russian public sector, this article represents essay describing two stories when reform of budgeting practices starts from local practices experimentation, mainly the launch of an experiment internationally known as participatory budgeting (PB)¹⁶ (Sintomer et al., 2008). PB experiments were launched almost simultaneously in several municipalities in 2013 in the northwest of Russia, but we know little about how these experiments emerged and why. We investigate two municipality cases of PB emergence and practice development. Reviewing the current literature on PB, we position our paper in the growing PB literature on variations of PB practices in different contexts: how it emerged, why and how it differs from other contexts.

Key words: participatory budgeting, reforms, Russia, municipality

¹⁶ In this paper we use the term ‘participatory budgeting’ only in the context of the public sector, where citizens are involved in the process of budget formation at municipal level.

Introduction

In this article we will talk a lot about budgeting, using the additional word ‘participatory’. What is public sector budget and budgeting? A management control tool (Anthony and Young, 1984)? An arena for talks about the future and political acts (Wildavsky, 1964)? Law (Budding & Grossi, 2015)? A communication tool between government and society (Wildavsky, 1986)? A quantitative plan of action, introduced by politicians as a legitimate tool for people who pay taxes (Wildavsky, 1986, 2001)? A budget is something ‘complex’, something to do with money and how it will be spent in the future, something concerning people, policies and politics. The term ‘participatory’ is about providing the opportunity for ordinary people to be involved in deciding how something is done.

Schick’s (2009, p. 351) understanding of ‘budget’ made the use of these two words (participatory & budgeting) together quite challengeable:

“The word ‘budget’ conjures up images in many people’s minds of thick documents crammed with obscure jargon and thousands of numbers, and of debates over accounting conventions and performance indicators...”

While some countries see this as an issue of transparency (Benito & Bastida, 2009), another country (Brazil) put these two words together in 1989, which gave rise to such a human institution as ‘participatory budgeting’ (PB), in which both politicians and citizens should organize the mobilizing and spending of public resources (Wampler, 2010; Shah, 2007). Starting from Porto Alegre (Brazil), PB practices spread throughout 1500 experiments over five continents with training manuals in dozens of languages (Ganuza & Baiocchi, 2012; Sintomer et al., 2008).

Taking into account the top-down reform tradition (Antipova & Bourmistrov, 2011, 2013; Timoshenko and Adhikari, 2009) in the Russian public sector, this article will present two stories – in which the reform of budgeting practices starts from local practices’ experimentation, mainly the launch of PB experiments in municipalities. PB experiments were launched almost simultaneously in several municipalities in 2013 in the northwest of Russia. Particularly, we investigate two municipality stories of PB emergence and practice development. The first municipality announced its PB experiment as the ‘I plan budget’ project, while the second one called it ‘Let’s Share Money Together’.

Reviewing the current literature on PB, we position our paper in the growing PB literature on variations of PB practices in different contexts: how it emerged, why and how it is different when compared to other countries. In our concrete paper we investigate *how PB emerged and developed in municipalities' budgeting practices in Russia*. In addition to the description of PB practice development in a new (Russian) imperial context, we also discuss further the possible contributions of this paper, such as the link of PB to New Public Management (NPM), and explain variations of PB, adopting the ideas of institutional work (Lawrence and Suddaby, 2006; Lawrence et al., 2009, 2011, 2013).

The remainder of the article is organized as follows: the next section introduces a PB literature review, giving a short history, the main ideas and development of this concept around the world and current 'hot' topics for discussion. The third section gives the methodological considerations of the paper. Further, the historical background of the Russian public sector and the current agenda of the reforming of the Russian public sector are introduced. Then, empirical findings of the PB case are presented. The last section presents a discussion about empirical findings and some proposals for further understanding of the PB phenomena from ideas of institutional logic, institutional work and the 'travel of ideas'.

PB around the globe

The term 'participatory budgeting' first appeared in Brazil in 1989 and became a "symbol of democracy" and a successful model of budget participation around the world (Sintomer et al., 2008). For more than 20 years the term has had a huge number of definitions which are generally connected with such slogans as "good strategy for poverty reduction" (Abers, 2001), "new concept of citizen participation" (Miller and Evers, 2002) and 'just a good budgeting method where all stakeholders can participate in the budgeting process' (Shah, 2007).

In general, participatory budgeting is an approach to budgeting in which all unelected citizens are allowed to participate in public finance allocation (Sintomer et al., 2008) and contribute to the decision-making of the public budget (Goldfrank, 2007), i.e. the 'participation' of citizens in the public finance budget is expected.

Starting from Porto Alegre (Pinnington et al., 2009), the concept of PB began to spread internationally all over the world and was adopted in different contexts. Moving from hundreds of cities in Latin America, participatory budgeting spread to North America, Europe, Asia and

Africa. In Europe PB became a highly dynamic process, with the number of experiments increasing rapidly from six to more than 100 between 2000 and 2005 (Sintomer et al., 2008). Countries such as England, Germany, Italy, France and Spain have initiated such experiments all over the country (Allegretti & Herzberg, 2004). According to the Ganuza & Baiocchi (2012), there were more than 1500 experiments over five continents.

Developing in space and time, the goals and principles of PB practices differed from one country to another. According to Sintomer et al. (2008), the importation of the successful Brazilian case of Porto Alegre has been a “highly differentiated process”, relying not on one procedure but rather on a multitude of devices. Some countries adopt PB as instruments of legitimacy to obtain funds, other countries, as a strategy for poverty reduction (Shah, 2007). This points to the importance of the local context because each country’s case is different. Thus, practices differ and what was called participatory budgeting in Brazil can vary in other countries. Indeed, many researches prove that, showing the various PB adoptions all over the world (see for example, Abers, 2001; Allegretti & Herzberg, 2004; Sintomer et al., 2008). However, there are some legitimate formal and established principles and processes, which to some extent represent the general picture of PB.

Common PB stages can be seen as follows: diagnosis, deliberation, collective decision-making, execution and monitoring (Pinnington et al., 2009). Or, alternatively, PB represents a process that involves formation, approval, implementation, control, monitoring and evaluation of public resources (Shah, 2007).

Travelling around the world, the PB concept is deeply rooted in the principles of democracy, social justice, citizen control, education, transparency and accountability (Sintomer et al., 2008; Goldfrank, 2007; Pinnington et al., 2009). These principles, as part of PB, were widely discussed by the scholars testing different countries’ settings. Some of them showed that PB can make a “success story” of these principles (Abers, 2001; Allegretti & Herzberg, 2004; Avritzer, 2006), but others gave evidence that PB could be a “shield”, “show” and “ritual” to gain legitimacy and that real PB could fail and give contradictory results (Davidson & Elstub, 2013). Following this logic, the research community around the world focused on preconditions of PB practices, the design, process and outputs of PB in different countries, mainly focusing on municipalities and cities in developed and developing countries. At the same time, comparative research was increased over recent decades, giving the ability to see different interpretations of PB and showing the complexity of the global panorama.

Summing up the previous discourse about participatory budgeting, it is worth mentioning that it is not clear how participatory budgeting is connected to NPM (Hood, 1991; 1995). Starting in Brazil and spreading all over the world, this concept of citizens' involvement in the budgeting process may be especially interesting when it comes to the clash of both ideas, i.e. the ideas of NPM and PB in one context at the same time. Some research claims that NPM became a Russian means of public sector improvement (Timoshenko and Adhikari, 2009; Antipova and Bourmistrov, 2011; 2013), initiating budgeting reform which should bring 'new' tools for Russian public sector budgeting. Thus, a quite unique empirical context is observed as a clash of NPM ideas and PB in the Russian public sector.

Methods

This paper presents a comparative study of two municipalities' practices of PB in Russia. Both municipalities introduced PB experiments in 2013. Both municipalities are located in the northwest of Russia. However, they have different positions regarding administrative legislation. The first one, Sosnoviy Bor municipality (further, Sosnoviy Bor), is located in the Leningrad region. The second one, Murmansk municipality (further, Murmansk), is located in the far north in the Murmansk region. Sosnoviy Bor announced its PB experiment in March 2013 as an 'I plan budget' project, which attracted the attention of local and regional mass media with headlines such as "Citizens have looked into the state pocket". Murmansk announced its PB experiment in September 2013 and called it 'Let's Share Money Together'.

To study the PB experiments, we draw on three main sources of data: video-tape data and netnography, semi-structured interviews and documentary search.

Video-tape data and netnography: After the announcement of the PB experiment in 2013, a special group (portal) in the Russian social web-net vk.com¹⁷ (www.vk.com) was created. This social net group (further, Internet portal) gave the ability to discuss the PB project and share all relevant data through the Internet. In total, the Internet portal has 161 participants and open access. The Internet portal contains video-materials of the PB process such as video-tape recordings of all PB meetings and presentations from April 2013 to May 2014. In total, approximately 32 hours of video-material were analysed as well as the Internet portal data: what

¹⁷ The Russian analog of facebook.com

people upload, what they discuss and how, how observed data in the web net is similar to the data of video-materials, interviews and official documents of the PB project.

To gain insight into people's perceptions of the PB process, three *semi-structured interviews* with the coordinator of the PB project and the heads of the municipal finance committees were conducted, each lasting about 60 minutes (only one with tape recording). The interviews were guided by a number of questions generally concerned with PB as well as nuances of PB practices in the municipality. The interviews were transcribed and given for interviewees' improvement. In addition, the results of netnographic and video-tape observation were sent for interviewees' comments. As a result, all these data sources complemented each other.

In addition, in order to understand the context and preconditions of PB in Russia, we accessed a variety of written material (Russian scientific literature and newspaper articles about the Russian public sector) and official documents (budget and tax law books, Ministry of Finance, Ministry of Economic Development and Ministry of Regional Development) as well as internal documentation and texts advised by interviewees.

The results are presented as a storyline construction of PB experiments' development in two different settings with the following phases: PB idea formation, municipality decision, design and legislation work, preparation stage, realization of PB, finalizing, outcomes of PB. Each phase describes the interaction of different actors as a working process of PB development.

Story #1

The idea of PB did not originally appear in the municipality but was actually encapsulated by a research group of three people. The story began, half a year before the municipality announcement of BP in 2013, mainly in the research minds of several people from the research centre, "Res Publica", at the European University in St. Petersburg (<http://eu.spb.ru>).

The PB project was developed by the research group and obtained financial support from Kudrin's Fund¹⁸ (<http://komitetgi.ru>), as a part of a big project on increasing the transparency of the Russian budget. It is worth mentioning that in the last five years the issue of budget transparency came top of the agenda for the whole public sector. The starting point of this agenda was the introduction of new federal law by the Russian central authorities, mainly FZ

¹⁸ The support was received as a small grant for three research projects and supposed to cover some administrative expenses for the projects and travel expenses.

№8 2009 ‘On providing access to information about the activities of state bodies and local self-government’. The idea of this federal law was that local governments should be more transparent and open to their citizens regarding financial information. To complete this central request, most local governments began to copy the federal experience of Internet resource creation, called ‘Open Budget’, in which all local government budget information is presented in a transparent form. But according to the research group, the idea of PB goes much deeper than issues of transparency.

When it comes to the question of the content, references and description of PB ideas, we found three references in the project description, mainly Sintomer et al. (2008), the World Bank report of the Brazilian case¹⁹ and Shah et al. (2007). Thus, the research group developed the idea of a PB experiment based on the European frame of reference, giving quite an extensive understanding of PB itself as well as the nuances of its adoption in different countries’ settings. As a result, some general methods of PB adoption for the Russian municipalities were developed by the research group as well as criteria for ‘being more successful’ in the experiment. These criteria were: 1) balanced budget, 2) the desire of local authorities to cooperate, 3) sufficient activity of the population, and 4) the fact that major infrastructure problems are solved. Only several municipalities in Russia fit such criteria. The research group tried to make contact with the authorities of these municipalities and present their ideas of PB.

Thus, the idea of PB had its origin in the research centre, mainly as the work of three people. They created the detailed PB project description and aimed to test whether PB is applicable for Russian municipalities’ practices. Referencing the work of Sintomer et al. (2008), the WB report of the Brazilian case and Shah et al. (2007), they developed the methodological base of PB implementation in Russian settings. The project gained financial support from Kudrin’s Fund as a “good response to issues of budget transparency”, which was at the top of the agenda for Russian local governments (FZ №8 2009). Thus, it was a “good time to try PB in Russia”. However, whether it would be or not – depends on the local authority’s decision, which was made during the presentation of the PB project to Sosnoviy Bor municipality authorities.

The research group made a presentation of the project for the municipal administration and municipal council and asked to arrange a PB experiment in the municipality. When it comes to

¹⁹ Empowerment Case Studies: Participatory Budgeting in Brazil. This case study was prepared by a team comprising Prof. Deepti Bhatnagar and Animesh Rathore at the Indian Institute of Management (Ahmedabad) and Magüi Moreno Torres and Parameeta Kanungo at the World Bank (Washington DC).

the question why the municipality agreed to the experiment – more interviews should be conducted. For now, we can only speculate: whether it was a rational collective decision by the municipal authorities or maybe by one person; whether the decision was based on the presentation or Kudrin's Fund played a legitimate role during presentation or it was a 'good option' to respond to the issues of transparency. According to the official documentation of the municipality, it was a rational choice "in order to produce budget information in an understandable form for citizens...and get a feedback from citizens". Thus, the decision regarding the PB experiment presents some kind of 'black box' so far. However, the fact is that the municipality supported the idea of PB, and the designing process began.

The work on design and local legislation support was carried out jointly by the research group and workers of the municipality's financial committee. As a result, a special decree was issued as an official municipal document about the establishment of a working special committee to implement the pilot project 'I plan to budget' (participatory budgeting) (Municipal decree 16/04/2013 № 989). This special committee consists of seven people, who became the main actors in further PB experiment development, mainly: chairman of the municipal finance committee, head of the press centre of the municipal administration, deputy chairman of the municipal finance committee, main specialist of the municipal finance committee and three researchers from the European University. This committee was officially responsible for the PB experiment and was accountable to the head of the municipality.

The special committee developed quite a detailed plan of action for how the PB experiment would be organized. Each person from the committee has his/her own zone of responsibilities for the actions. In the official plan (Municipal decree 16/04/2013 № 989) the three stages of PB implementation were: pre-selection of participants (preparation stage), meetings of the citizen PB commission (PB in work stage), and adoption of initiatives of the citizen PB commission into the budget application (final stage of PB). While the plan of action was jointly developed by the research group and three workers of the municipal finance committee without any 'blind spots' to understanding, the design of the PB process was introduced by the research group without financial data for municipality approval. The municipality had to decide what sum of the budget would be allocated by citizens. The decision was made for the sum of 20 mln. rubles from the 1.5 billion budget (1.3% of the total municipal budget). The researcher comments that this sum is "normal" for PB experiments in other countries. It is also important to mention that

several links to FZ №8²⁰ were added by the municipality authorities to the draft of the design. Thus, we can speculate that PB became a ‘good’ tool to gain legitimacy for the Russian central authorities.

The PB design, developed by the special committee, can be described as follows. The PB commission of 15 citizens is formed by lottery (randomly selected) + 15 people in reserve. Commission members must choose a theme for the budget application for 2014, to form this application and hold it through the appropriate committee of the administration and budget committee. The application must be included to the total municipal budget for 2014. The commission deals with the distribution of funds; it operates for a couple of months and meets once a week for the exchange of information for dealing with officials. The main task is to agree where to spend 20 mln. rubles of budget money. After that, the special working group (three members of the commission) works with selected budget applications, mainly following with the implementation of these budget applications. The whole process from budget applications to their implementation is supposed to be organized with close cooperation between citizens, the research group, city administration and municipal council.

Thus, the design and legislation on work was performed by seven people, who became the main actors in further PB experiment development in the municipality. Two camps can be identified: the workers of the municipal administration and the research group from the European University. Both camps worked on PB design and the local legislation base. While the research group was familiar with PB in theory, workers of the municipal financial committee were familiar with budget realities and how PB can be fitted to them, and the head of the municipal press centre knew how to ‘sell’ PB to the society.

While these three groups worked on the same thing, they had different internal goals. Workers of the municipal financial committee see PB as a good chance to increase the transparency of the municipal budget and gain legitimacy for central authorities as well as obtain feedback from citizens regarding current municipal issues. The research group worked on the design of the project based on the assumption that they would be financed by Kudrin’s Fund during a ‘successful’ experiment as well as internal motivation to test whether PB is applicable in Russian settings. And finally, the head of the municipal press centre kept in mind that he would

²⁰ FZ №8 2009 "On providing access to information about the activities of state bodies and local self-government"

work with all the PB data to be published on the official municipal web-site as well as the PB PR-company.

The next sections are derived from the official stages of PB, mainly working on the preparation stage, working on the realization of PB, and the finalizing stage of PB. All these stages include the work of the previously mentioned seven actors (with different goals) as well as new actors who participated in the formation of PB practice.

In March 2013, the PR-company was formed. The head of the municipal press centre was responsible for that, as well as the workers of his department. The goal was to attract the society to the PB experiment before the official oral presentation. As a result, several articles were published in local and regional newspapers, describing the goals of the PB experiment, the design and the main organizers. In addition, several interviews with the research group and representatives of the municipality authorities were published on local TV and in the newspapers. It is important to mention that all of these publications positioned PB as a joint project of the municipality, the European University and Kudrin's Fund as a strong directive for a successful PB experiment. Thus, I can speculate that the PR-company was aimed not only for creating a start-up PB platform, but for the municipality, European University and Kudrin's Fund in general. Summing up, the press centre department did its work and the next stage took place.

Following the PR-company's work, the official oral presentation of PB was announced on the municipality web-site and in local newspapers. Any citizen could come to the presentation and see what PB experiment is planned. The press centre department was responsible for the registration of participants, who could register through the web-site, by phone or by e-mail. On 12th April 2013 the presentation of the PB was carried out by the chairman of the municipal finance committee and three researchers from the European University (special committee members). In total, the presentation was 30 minutes for 55 participants, covering such themes as what participatory budgeting is, how it will be, the goals and expectations. After the presentation a 15-minute question and answer session took place. The theme of the questions reveals quite a sceptical point of view regarding the PB experiment. As one researcher commented on this scepticism, *"People have got used to seeing officials as their enemies"*. Most of the questions were addressed to the chairman of the municipal finance committee regarding the practical realisation: who will be responsible for what? How will the municipal administration work with citizens?

On 13th April 2013 the formation of the PB commission took place. This took 30 minutes; there were 79 candidates, of which 15 citizens were selected and 15 were held in reserve if somebody from selected refuse. These 15 citizens, randomly selected by lottery, were included in a special PB commission and would take part in the formation of budget applications for the total sum of 20 mln. rubles for 2014. After the formation, a further plan of action was introduced. The PB commission had to choose a theme for their budget application for 2014, to form this application and hold it through the appropriate committee of administration and the budget committee. The application had to be included in the total municipal budget for 2014 and this budget had to be accepted by the deputies.

Thus, during the preparation stage, members of the PB special committee worked with the PR-company as well as the presentation of the PB project to the citizens. While the research group was the main actor before the preparation stage, here the workers of the municipal administration 'took the wheel' of PB development, mainly the PR-company, the presentation of the project to citizens and providing the facilities for the PB experiment (the hall for the evening meeting and covering some overhead costs).

Realization of PB supposed that the PB commission of 15 members (further, participants) would meet several times and decide how to spend 20 mln. rubles of the municipal budget. In total, seven meetings of the PB commission took place from April until the end of May 2013 in the main library hall of the city.

The first meeting of the PB commission took place on 17th April 2013 (one hour in the evening). One member of the research group played the role of moderator during the whole time of the PB realization. She introduced the PB project itself again and gave general instructions how the PB process would be and what PB commission members should create at the end of that realization stage. After that, the participants introduced themselves as well as stating what they expected from the PB process. It is important to mention that, according to the PB official documentation, participants could not be a municipal deputies or workers in the municipal administration; thus they were independent representatives. Other actors were also enrolled in the PB commission meetings: mainly, 1) another two researchers played the role of observers and helped the moderator to control the participant discussions; 2) other citizens and the reserve group (15 people) also attended the PB commission meetings and played the role of external observers who could ask questions or make some comments during budget application discussions. During the first meeting participants discussed how they would construct their

work and share preliminary ideas about the kind of budget application they wanted to form. The ideas varied, but most of them concerned improvement of local welfare, for example the construction of sport facilities or the reconstruction of the central park. During the next three meetings participants discussed their ideas in a more detailed form as each participant constructed the special documentation about own idea, mainly what the goal is, how to achieve that and how much money should be spend to realize it. During the meetings there were disputes between participants. That is why strict moderation and strict regulations were introduced by the research group. After one month of oral discussions as well as discussions on the Internet portal, the general ideas of the participants were formed. It is worth mentioning that, in order to obtain a better description of ideas and to understand the budget application formation, several lectures were given for participants by guest lecturers²¹.

The participants' ideas were evaluated in separate administration group sessions by representatives of key committees and departments responsible for the scope of municipal management – improvement, capital construction and finance. The basic principle for the selection criteria was how the proposal fits into the current municipal programmes. Thus, the number of participants' ideas was decreased. As a result, after three meetings the participants voted for two budget applications²²: the construction of bicycle parking in the city and of a fitness park in the city centre. On 28th April 2013 the ideas of these two applications were presented to the municipal administration. This meeting showed that these budget applications are quite hard to implement and many things should be done to reconcile the ideas of citizens with municipality realities. Another important issue was observed as municipal representatives were ready to critique applications rather than discuss them.

However, these two applications were agreed by the municipal administration and the participants to be the total proposal of the PB commission for 20 mln. rubles of municipal budget spending. A working group of three participants was created to be responsible for the realization of this proposal through all the rounds of budget approval. Totally the proposal had to become an expenditure item in the budget for 2014 and in 2014 the working group had to track the implementation of this expenditure item, i.e. construction of bicycle parking in the city and of a fitness park in the city centre.

²¹ 19 April 2013, one hour in the evening: lecture “How urban space is organized”; 8 May 2013, 1.5-hour lecture about budget process: theory and practices, tendencies and trends in municipalities.

²² Formation of Documents for spending money: goals, description, reasons, amount and technical documentation.

Summing up the state of PB realization, we can see that this stage involved a lot of actors. One member of the research group played the role of moderator during the whole time of PB realization, while the other two were observers and consultants in the PB process as well as organizing guest lectures. The 15 citizens who participated in the PB commission became one of the main actors in the PB realization stage in addition to other citizens who participated in discussions through the Internet portal. Through discussion and debate, they formed ideas for budget applications. These applications were evaluated by municipal administration departments in order to understand which ideas could work in reality. Their work was to find applicable ideas. These ideas were the construction of bicycle parking in the city and of a fitness park in the city centre for the total sum of 20 mln. rubles of municipal budget for 2014. The next section presents the story of how the workers of this municipal administration in conjunction with the working group of three participants finalized the PB process, i.e. formed a budget application according to all the rules of the budget process and put it to the final budget for the following year.

The finalising stage is only partly covered due to the limited data regarding the internal process of the working group. Several meetings were organized, where municipal administration workers jointly with the working group of three participants worked with two budget applications. During meetings, the working group tried to maximize the number of requests coming from the participants and add them to the budget proposals for 2014. Focusing on created applications (sports block applications), the working group reconciled them with different city departments such as the 'Department of Improvements and Road Facilities' and the 'Department of Capital Construction'.

On 20th November 2013 the budget hearings took place. In total, two budget applications were included in the municipal budget for 2014, subsequently approved by the municipal council for the total sum of 1 079 million rubles for 2014 and 19 million rubles for 2015.

To summarise the finalising stage, the ideas of the PB commission were transformed into a real budgeting application. The main actors in this process were the municipal administration workers as practitioners who know all the technical details in application formation, while members of the working group have been tracing the work of administration. It is also important to mention that the deputies of the municipal council as well as the municipal governor remained loyal to the PB applications and fully trusted the administration workers in that issue.

Thus, in fact they did not play any role in the PB process, except signing project documentation and the municipal budget document.

According to the international experience of PB, it is supposed to be citizens' influence on budget decisions. In our case, citizens have limited influence (only 1.5% of the municipal budget). Thus the PB experiment represents quite a weak form of participation. However, several important outcomes can be mentioned.

For citizens, PB became a tool of dialogue with the municipal administration. This has resulted in a reduced power distance. In addition, the PB process influenced citizens' education, i.e. enhanced the capacities of citizens – citizens who were involved in the process began to understand how the budget process works and how actions and decisions take place.

The Internet portal was created by citizens. There were a lot of discussions about the municipal budget on this network, not only PB applications.

When it comes to the outputs for the municipality (Coordinator of PB):

“It gets two bonuses. Firstly, a new form of working with people on a dedicated budget, because now budget hearings are held in each municipality. ... Three men brawled at the meetings and left with nothing. And here is a brand new form of discussion on the budget. Secondly, there are very limited resources for municipal deputies in the cities, i.e. mayors expect that the PB experiment will involve such people who can later be manipulated as a municipal deputy and it will be much easier to communicate with them than it is now”.

In addition, the PB experiment became a ‘good option’ to respond to the issues of transparency for the municipality.

For the research group, the PB realisation became a point of successful project implementation and an opportunity to obtain new funds for the further development of the project.

Thus, PB affects everyone – citizens, administration, deputies, the relationships between the people and the administration as well as the research group. In spite of being a weak form of budget participation, PB gave a lot of things to all the actors involved: for citizens – education and a new channel of communication with the authorities; for the municipality – feedback from citizens as well as best practice of budget transparency; for researchers – a successful project

and further financing. These outputs allowed the PB experiment to transform into a constant practice in Sosnoviy Bor municipality as well as encouraging the adoption of the same practices in several other Russian municipalities. The results of PB in Sosnoviy Bor municipality were mentioned in the Ministry of Finance Report about best practices of budget transparency (2014), encouraging other municipal and regional authorities to adopt the same practice of PB. In addition, special methodological recommendations for PB adoption were created and approved by the Russian Ministry of Finance.

Story #2

Murmansk is a Russian city with population of 300 thousand people. It is the world's largest city located within the Arctic Circle. Murmansk is the largest port on the shores of the Arctic Ocean and the only port to remain ice-free all year round. The Arctic seaway stretching along the northern and eastern coast of Russia up to the Pacific Ocean starts from the port of Murmansk. As Murmansk is a maritime town, all large enterprises are connected with the sea. Major industries are: fishery and fish processing, sea transport, ship repair, sea, rail and automobile transportation, metal working, the food industry, sea geology. Murmansk has 227 educational institutions. There are 304 different kinds of sports facilities (<http://mun.gov-murman.ru/>).

The participatory budgeting experiment in Murmansk was called the '3D Budget'. The name comes from the three Russian words beginning with the letter 'D' (the direct translation – 'let's divide money'). The '3D Budget' project was initiated by the head of the municipality, Alexey Veller. He was supported by Murmansk's head of administration, Andrey Sysoyev, and the council of deputies of Murmansk. The city's public council worked as a communication channel, and the mass media provided a PR company. It is well known that for the involvement of citizens in budget discussions in Russia there is a procedure of public hearings on the budget. Any citizen can participate in hearings and make proposals on the budget, but in practice, very few people take advantage of this opportunity. Some have no time, others do not believe in the possibility of having a real impact on the result. So, the idea of the '3D Budget' project was as follows: the residents of Murmansk did not show any interest in public hearings; therefore, it is necessary to find a form of work with the population which allows the opinion of citizens to be considered at the discussion of distribution of the budgetary funds.

From the point of view of the administration of the municipality of Murmansk, the goal of the experiment was formulated as follows: *“This project aims to bring to the budget process hundreds and thousands of people. In addition, the outcome of the project should be to identify the most significant social problems from the standpoint of Murmansk citizens. All this contributes to a socially-oriented budget”*.

The ‘3D Budget’ project was to be financed from municipality funds. Approximately 10 bln. rubles (10% of the municipal budget) were to be spent in accordance with the wishes of the citizens. Several official documents appeared from the administration regarding the participatory budgeting experiment.

After interviewing the organizers of the project, we found that most of them had doubts, even scepticism.

The ‘3D Budget’ project was to take place in two stages: a questionnaire and ‘sawing’ the budget in the central square of the city.

The first stage (September 2013): A questionnaire was designed for the citizens. It could be filled in on paper or on the Internet. The questionnaire consisted of two parts. First of all citizens were asked what expenses they considered priorities for the city of Murmansk in 2014:

- education;
- health;
- social housing;
- repair of roads;
- sport;
- transport;
- culture;
- municipal services;
- land improvement.

Secondly, the people were asked whether they supported the social projects of the administration of Murmansk.

The second stage of the ‘3D Budget’ project was held on 4th November 2013. It was organized like a “‘sawing’ of the budget in the central square of the city. In Russia 4th November is a non-

working day and a lot of people come with their families to the central square of the city. On that occasion they found a beam there that symbolised the budget of the city. The beam was divided into nine sectors (the same as in the questionnaire). 12 500 small holes were made in the beam and 12 500 sticks were prepared for voting. Everyone could get one stick and put it in a hole in the selected sector. A few hours later the beam looked like a big hedgehog. It was time to saw the beam into nine pieces and see which pieces were longer.

Most people voted for 'health'. The second place was shared by 'sport' and 'municipal services'.

Finally, part of the budget (10%) had to be formed in accordance with the wishes of the citizens. But it is still not clear if the "3D Budget" project really influenced the budget decisions. The result was confirmed only by the statements of the administration of Murmansk in the mass media.

There are no plans to repeat such an experiment in Murmansk yet. Attention switched over to the project of the Internet portal of the budgetary system of the Murmansk region, 'The budget for all'.

Discussion

Firstly, it is important to mention that PB can be seen as not being a centrally driven experiment. In both cases the experiment was launched without any pressure from the Russian central authorities. However, the initiative for PB fits well with Russian legislation, mainly FZ №8 2009, "On providing access to information about the activities of state bodies and local self-government", calling for transparency and the openness of financial information. In the first case, the initiator of the BP experiment was the research group from one of the universities, while in the second case the initiative was driven by the head of the municipality. Thus, the roots are quite different in each case. In the first case we might think that the research group could be present as consultants, while in the second case the roots are more connected with the personal initiative of one person.

When it comes to the process and design of PB, we can see that the two cases are quite different in scale, design and processes. The first case represents a partial participation of citizens in a budget process where a small group of citizens is allowed to make decision for 1.5% of the municipal budget (we can call it a weak form of PB). The second case represents a show rather

than real PB, where many citizens were involved in the allocation of 10% of the municipal budget. However, both experiments were presented as ‘participatory budgeting’ by the public authorities.

Two PB experiments were started simultaneously in two different settings with different initiators, design, scale and processes. However, why are these two PB experiments so different? And why did the first experiment develop and the second one stop?

The ideas of institution theory (DiMaggio & Powell, 1983) can be applied as a good perspective from which to analyse the influence of external institutional elements on the budgeting change in general, and, in our case in particular, it can be the materialisation of PB ideas in Russian local governments. From a neo-institutional theory perspective (DiMaggio & Powell, 1983; Meyer and Rowan, 1977), we can speculate that the decision regarding the PB experiment was based on isomorphic pressures. For example, the research group can be seen as professionals who offered up the PB idea as a normative choice. Thus, the first case can be explained as normative pressures of consultants (the research group) to PB adoption, the second case as mimetic or coercive pressures. But we can also argue that this choice was something spontaneous for the municipality, when municipality workers made sense of PB as a good way to act in a high degree of ambiguity or uncertainty (Weick et al., 2005; Jensen et al., 2009). Neo-institutional research (DiMaggio & Powell, 1983; Meyer and Rowan, 1977) is most widely known for its focus on tracing how practices become established as taken-for-granted as a result of isomorphic pressures. However, little work in this tradition has focused on the origins of new practices and the role of actors in creating and promulgating new practices (Lounsbury and Crumley, 2007).

One response was introduced as an institutional entrepreneurship stream (DiMaggio, 1988), emphasising the role of ‘heroes’ in new practice creation such as the creation of an institution. But what can we do when we do not identify such ‘heroes’, but new practice still emerges? Lounsbury and Crumley (2007, p. 993) explain that as “this is because the emergence of new practices results from spatially dispersed, heterogeneous activity by actors with varying kinds and levels of resources”. In the last decade the new stream of institutional theory has focused on filling this gap, mainly with institutional work. According to Lawrence et al. (2009, p.1), institutional work

“is based on a growing awareness of institutions as products of human action and reaction, motivated by both idiosyncratic personal interests and agendas for institutional change or preservation... It highlights the intentional actions taken in relation to institutions, some highly visible and dramatic, as often illustrated in research on institutional entrepreneurship, but much of it nearly invisible and often mundane, as in the day-to-day adjustments, adaptations, and compromises of actors attempting to maintain institutional arrangements”.

(Lawrence et al., 2011, p. 55)

Thus, in order to understand how PB emerged and developed in Russian municipalities, and why we see variations, it might be appropriate to use an institutional work lens (Lawrence and Suddaby, 2006; Lawrence et al., 2009, 2011, 2013) as a stream of institutional theory which emphasizes the significance of work – “the efforts of individuals and collective actors to cope with, keep up with, shore up, tear down, tinker with, transform, or create new institutional structures within which they live, work, and play, and which give them their roles, relationships, resources, and routines” (Lawrence et al., 2011, p. 53). Positioning this paper in respect to both comparative PB literature and studying phenomena in a new light (institutional work perspective) will be the next step in developing this paper.

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