

УДК 324:347.7

<http://orcid.org/0000-0003-0442-2561>

<https://orcid.org/0000-0003-4503-7547>

<http://doi.org/10.5281/zenodo.1402506>

A. Avksentiev, V. Kyselova

PARTICIPATORY BUDGETING IN KHARKIV: INSTITUTIONAL AND PROCEDURAL CONSTRAINTS

The article is devoted to the analysis of the participatory budgeting as a participatory democracy mechanism on the example of the Kharkiv city case. Based on the study of international and Ukrainian experience of implementing the civil budget, the formal institutional framework for realization of the participatory budgeting in Kharkiv, fixed in the City Target Program "Public Budget (Participatory Budgeting) of the City of Kharkiv for 2018-2021", is explored.

The analysis substantiates the existence of institutional and procedural constraints that reduce the effectiveness of the implementation of that direct democracy practice. One of the disputable procedural moments is the process of preliminary verification of the projects that were applied for the participatory budgeting, since the criteria for projects' initiatives that will eventually be presented to the public for voting are spelled out in very general principles. The other one considers the fact that although NGOs alongside with natural persons can also participate in the process of civil budgeting, in fact, is only an author of the project, just an idea provider.

The results of the analysis lead to the conclusion that due to the developed legal mechanisms the entire process of participatory budgeting in Kharkiv is much politicized and lies in the direct control zone of the mayor's office. On this basis the recommendations in the procedural aspect are made. The prospects for the further research authors foresee also in the sphere of the monitoring the implementation of projects and evaluating their effectiveness.

Key words: *participatory budgeting, civil budget, participatory democracy, direct democracy.*

А. О. Авксентьев, В. А. Кисельова

ПАРТИЦИПАТОРНИЙ БЮДЖЕТ У ХАРКОВІ: ІНСТИТУЦІЙНІ ТА ПРОЦЕДУРНІ ОБМЕЖЕННЯ

Стаття присвячена аналізу партинципаторного бюджету в якості механізму демократії участі на прикладі кейсу міста Харкова. На основі вивчення міжнародного та українського досвіду впровадження бюджету участі досліджуються формальні інституційні засади для реалізації партинципаторного бюджету в Харкові, закріплені у Міській цільовій програмі «Громадський бюджет (бюджет участі) міста Харкова на 2018–2021 роки». У результаті аналізу обґрунтовано наявність інституційних і процедурних обмежень, які знижують ефективність імплементації практики прямої демократії.

Ключові слова: *партиципаторний бюджет, громадський бюджет, демократія участі, пряма демократія.*

А. А. Авксентьев, В. А. Киселева
ПАРТИЦИПАТОРНЫЙ БЮДЖЕТ В ХАРЬКОВЕ:
ИНСТИТУЦИОНАЛЬНЫЕ И ПРОЦЕДУРНЫЕ ОГРАНИЧЕНИЯ

Статья посвящена анализу партиципаторного бюджета в качестве механизма демократии участия на примере кейса города Харькова. На основе изучения международного и украинского опыта внедрения бюджета участия исследуются формальные институциональные основы для реализации партиципаторного бюджета в Харькове, закрепленные в Городской целевой программе «Общественный бюджет (бюджет участия) города Харькова на 2018–2021 годы». В результате анализа обосновано наличие институциональных и процедурных ограничений, которые снижают эффективность имплементации практики прямой демократии.

Ключевые слова: партиципаторный бюджет, общественный бюджет, демократия участия, прямая демократия.

Formulation of the problem. Discussions about the participatory budgeting, in fact, refer to the classical opposition between direct and representative democracy. Should the participation of citizens in policy making be ubiquitous as in the classic Rousseau's model or is it more effectively to be limited to the choice of professional managers with delegated by the community / people appropriate responsibilities?

In the 60–70s of the XXth century, the wave of criticism of representative democracy gained popularity with the idea of reviving the institutions of direct democracy as a historically basic form. In the homeland of democracy, in ancient Greece, «living the life of the polis for the common good» was considered the duty of every citizen, whereas in contemporary representative democracies, the people's will is actually alienated and the policy is conserved in councils at various levels [4; 3]. The tendencies of absenteeism, appeared in the majority of democratic states, in this sense do not demonstrate the political passivity of citizens, but testify their discontent with such a conservation of the system, in which citizens, in fact, do not participate in the development of politics and delegate this right with some periodicity to several interest groups.

Supporters of the participatory democracy theory, while advocating a balanced mix of institutions of direct and representative democracy, traditionally emphasize the following points: direct participation of citizens in political decision-making enhances the legitimacy of the latter; participation in policy

making contributes to the growth of patriotism in the country as well as to the development of citizens' political literacy and social responsibility; introduction of direct democracy institutions impedes the bureaucratization of the state and the usurpation of power by interest groups [10]. One of the classic examples of the participatory democracy model is the political system of Switzerland. According to the Swiss constitution, various forms of direct civil will (referendums, including local ones, signatures collections) directly influence the development of policy. However, not always the institution of «people's initiatives» leads to unambiguous results: in 2009, due to the collected signatures (bypassing the parliament), a referendum was held in Switzerland on the ban on the building of minarets – 57.5% of voters supported the initiative discriminating Muslims and the decision came into force [9]. In general, historically the need for a transition from direct democracy to representation one was largely influenced by organizational and technical factors, but owing to the mass internetization of societies in the XXIst century the introduction of direct democracy institutions is again becoming technically possible, despite the size of the population or the size of the country's territory.

As a result, at the junction of the theories of participatory democracy and e-government the idea of participatory budgeting is quite popular today, including in Ukraine. Following the introduction of the institute of electronic petitions, Ukrainian cities are massively launching programs of «participatory budgeting» – in 2017, about 500 million hryvnias from local budgets were spent on the implementation of the projects proposed by the citizens. Although the idea of public budget is not new for Kharkiv, the issue became actively discussed only since the beginning of 2017. On September 20, 2017 the city council adopted the City Target Program «Public Budget (Participatory Budgeting) of the City of Kharkiv for 2018–2021» [2]. Due to this program the Kharkiv community receives another form of realizing its rights to self-government, while the deputies of the city council loses their monopoly on determining the costs of the local budget. However, for the successful implementation of the civil budget initiative, to

become a true instrument of direct democracy, it is highly important to take into account Kharkiv institutional conditions as well as to analyze the developed mechanisms stated in the City Target Program «Public Budget (Participatory Budgeting)» regarding international and Ukrainian experience.

Analysis of actual studies. Within framework of foreign studies of participatory budgeting conceptual and instrumental focuses mostly prevail (H. Gilman, Y. Cabannes, B. Wampler). There are numerous approaches to defining the way of direct community self-government [7; 5; 13]. However, despite existing different notions such as «participatory budgeting», «public participation in budget-making», «open budget», «civil budget», «people's budget», «public spending» the key essence of the procedure itself remains the same – allocating a part of the local budget funds for the implementation of projects proposed by citizens and not just by deputies. In other words, the participatory budgeting creates a civil alternative to the deputy corps of local councils in the matter of allocating funds [15].

Most domestic studies of participatory budgeting practices emphasize the importance of considering the international experience of civil budget implementation which counts dozens years of functioning, since for Ukraine this practice is fairly new (O. Kyrylenko, I. Abramuk, Y. Glushchenko, T. Kravchenko). Though, there is a significant demand for studies in the sphere of Ukrainian institutional peculiarities, so called “institutional ground”, that influence the outcomes of borrowed mechanisms of participatory budgeting performance.

Thus, **the purpose of the article** is to analyze the formal institutional framework for participatory budgeting implementation in Kharkiv fixed in the City Target Program “Public Budget (Participatory Budgeting) of the City of Kharkiv for 2018–2021» considering international and Ukrainian experience as well as to define procedural constraints that can impede the effective realization of it.

Main materials. For the first time the practice of the «participatory budgeting» was implemented in 1989 in the Brazilian city Porto Alegre. At that time, the city's was experiencing severe economic and social conditions, when, in

addition to corruption and high rate of unemployment, one third of the population did not have access to basic communal infrastructure (clean water pipelines, hospitals, schools). Then the Workers' Party of Porto Alegre, which went to the elections with popular ideas of the city modernization and «open government», proposed to involve citizens in the process of determining the priorities of urban development through the mechanism of a participatory budgeting [6].

As a result of the participatory budgeting introduction, civil activity has increased significantly. And due to a more transparent process of political decision-making, the level of corruption has decreased. The World Bank estimates that in Porto Alegre, owing to this practice, the volume of sewage and water connections has increased by 20%, and the number of schools has quadrupled. Moreover, the United Nations Human Settlements Program (UN-Habitat), aimed at promoting sustainable development of cities, has announced an experiment with the «civil budge» the best international practice [11].

Nowadays more than 1,500 cities in the world have implemented a participatory budgeting mechanism. However, the amount of money allocated for the distribution by citizens depends on the specifics of the established procedure of a particular country. For example, in Japanese city Ichinomiya, the participatory budget or «1% Support Program» is, respectively, 1% of the total income of the city from taxes paid by residents. In cities in Poland, this figure ranges from 0.002% to 3.4% of the city budget, in Paris – 5%, in Amsterdam – 20%. Table 1 that is made up according to the official data published on the sites of city councils and Internet platforms of participatory budgeting presents the peculiarities of international experience of implementing this initiative.

Table 1

City	Launching year	Amount of funds (2017)
Cologne (Germany)	2007	100 thousand euros for district
Ichinomiya (Japan)	2008	about 200 thousand dollars
Chicago	2010	1.32 million dollars for district

New York	2011	40 million dollars
Gdansk (Poland)	2013	3 million euros
Cambridge	2014	800 thousand dollars
Paris	2014	100 million euros
West Pokot (Kenya)	2015	212 thousand dollars for district

However, despite the innovative approach, which can be described as «he who pays the piper calls the tune» an analysis of international experience of implementing the participatory budgeting shows that funds are predominantly channeled to address typical urban problems that de facto are in the competence of local self-government bodies [12]. According to the interactive map of Chicago, the largest number of projects (254) submitted and funded by the participatory budgeting during 2010-2016, refers to improving the state of city streets and sidewalks [8]. The procedure for allocating funds within the Chicago civil budget is also quite controversial, because it basically restricts direct democracy performing: the decision which projects will receive funding is taken by the alderman (representative of a certain district in the municipal council), who annually receives a cash amount of \$ 1.32 million [14].

Let us now consider Ukrainian experience of participatory budgeting implementation. In 2015 four Ukrainian cities – Cherkassy, Chernigov, Lutsk and Poltava joined the world experience of the participatory budgeting practice with the support of Polish-Ukrainian Cooperation Foundation (PAUCI). Currently more than 50 Ukrainian cities use this mechanism of «democracy in action». Table 2 that is made up according to the official data published on the sites of city councils and Internet platforms of participatory budgeting of Ukrainian cities demonstrates the domestic specifics of this initiative realization.

Table 2

City	Launching year	Amount of funds (2017)	Fixed % of city budget
Cherkassy	2015	10 million hryvnias	0,7%
Chernigov	2015	9,5 million hryvnias	1%
Lutsk	2015	10 million hryvnias	1%
Poltava	2016	2 million hryvnias	0,1%
Kyiv	2016	50 million hryvnias	no fixed %; about 0,1%
Lviv	2016	16 million hryvnias	not less than 0,1%
Dnipro	2016	10 million hryvnias	up to 0,5%
Zhytomir	2016	12 million hryvnias	1%
Bahmut	2017	500 million hryvnias	no fixed %; about 0,07%

Comparing the international and Ukrainian experience, it should be immediately noted a much smaller percentage of the funds allocated from the city budget to finance local projects in Ukraine. Obviously, the procedure itself, which in general may be specific for each city, is also rather different. The Western model of the participatory budgeting, for example, involves a preliminary stage of the series of brainstorming sessions, where the residents of the community express ideas about the city's main needs and elect volunteer delegates who prioritize proposals and develop final versions of projects for voting. In Canada, the participatory budgeting does the advisory role: through an interactive system, citizens indicate which directions of expenditure in the budget should be cut and which should be increased. As for Ukraine the introduction of the «Polish model» is declared, according to which the projects submitted by citizens are «reviewed» by representatives of local self-government bodies responsible for the peculiar direction [1].

In the meantime what Ukrainian cities experience and other cities in the world do have in common is the communal sphere as the leading direction among the winning projects within the participatory budgeting. For example, in Lviv the proposed project must necessarily be connected to infrastructure – to provide the construction, repair, reconstruction of some object. Other goals, no matter how useful and popular they may be, will not be realized at the expense of the city budget. Repair of kindergartens, schools, construction of sports grounds and similar «initiatives» obviously guarantee high activity of representatives of utilities (and a favorable outcome of voting, thanks to the administrative resource), which, as a consequence, demotivates ordinary citizens. In Chernigov, in terms of that situation, in 2016 an amendment was adopted to the Regulations on the Participatory Budgeting, which established one more requirement for the proposed projects – public accessibility for city residents. However, among the dominance of projects, which are already included in the sphere of regulation of local authorities, there are also non-trivial examples-exceptions. In the Dnipro, in the framework of the participatory budgeting 3D-planetarium project was proposed, in Kyiv – LEGO robotics laboratory in the school, in Odessa – an energy-efficient clinic, and in Zhytomyr – a public Internet library on solar photomodules «Velesova book».

Regarding the general specifics of participatory budget functioning in Ukrainian cities it is rather important to analyze the proposed institutional framework and mechanisms of civil budget in Kharkiv. The main peculiarity of the open budget in Kharkiv is that projects can be submitted not only by the individual residents of the city (a common model in other cities of Ukraine), but also by NGOs. According to the Regulations on the Civil Budget, 60% of the total funds are allocated to projects submitted by individuals, and 40% to initiatives of NGOs [2]. The total amount of funds provided for the budget for participation in 2018 is 50 million UAH.

Also, if «Hromadsky project» is the most widespread Internet platform for the participatory budgeting among Ukrainian cities, then in Kharkov was created a separate Internet portal «Active Kharkiv citizen», for the development of which an

additional 0.6 million UAH were allocated from the city budget. The algorithm for implementing the civil budget in Kharkov, according to the Regulations, consists of the stages presented below.

1. The preliminary stage includes an information campaign to familiarize residents with the basic principles of the civil budget, the formation of a working group, and the organization of the process of projects submitting and selection. Regulations on the Civil Budget states that a working group should be formed through Internet voting for candidates. It should include 17 members: 6 representatives of the public sector, 4 members of the city council, one from each fraction and 6 representatives of the executive bodies of the city council, and the head of the working group.

2. Acceptance and examination of submitted projects. Regulations on the Civil Budget states that the project should not duplicate the responsibilities of the executive bodies of the Kharkiv city council in the sphere of current and capital repairs of the housing stock, repair of road surfaces and sidewalks, as well as measures provided by the approved programs of the city council. The maximum amount of funding for 1 project is 1 million UAH. The submitted project is included in the project register and is examined for completeness and correspondence to the filling form requirements. The maximum period of verification is 3 days.

The project that has passed preliminary verification is subject to examination by the working group, within the framework of which a copy of the project is sent to the appropriate executive body and the Legal Department of Kharkiv city council. Examination lasts for 20 working days. The project is allowed to be presented on voting in case of the positive conclusion of the examination. Such an examination is one of the disputable procedural moments. Since the criteria for initiatives that will eventually be presented to the public are spelled out in very general principles, the examination tool can be used as a filter for «undesirable» projects.

3. Information campaign to familiarize city residents with the projects. Before the direct vote the author of the project should present it within the process of public discussion.

4. Voting for projects, which lasts for 60 days, takes place on the information portal «Active Kharkiv citizen» with the usage of the BankID system. Also, it is possible to vote in the terminals of the centers providing administrative services. It is allowed to support no more than 3 projects, giving for each the 1 vote. According to the results of voting, two ratings are completed: projects of individuals and NGOs. If two projects gain the same number of votes, the highest in the rating is a project that requires less funding.

5. Implementation of winning projects. Considering the opportunity for NGOs to submit their own projects, the initiators of the participatory budgeting have declared a course for the development of the Kharkiv civil sector. Nevertheless, according to the norms of Regulations on the Civil Budget NGOs, in fact, is only an author of the project, just an idea provider. While the chief disposers of budgetary funds responsible for the implementation of the project are the heads of the executive bodies of the city council. NGO can implement a project only provided that «it meets the requirements for working with municipal budget funds and has the necessary resources to effectively implement the project» [2].

Conclusions and prospects for the further research. Participatory budgeting is one of the elements of the participatory model of democracy, which assumes the demonopolization of representative authorities and local self-government role in policy development. The ideology of this model is that not only deputies with delegated functions, but also citizens themselves should be able to directly influence the adoption of key decisions, which include the distribution of the local budget expenditures.

Nowadays participatory budgeting is functioning in more than 1500 cities around the world. The institute of civil budget has already become quite widespread in Ukraine - the corresponding programs have been launched in 50 cities. At the same time, the percentage of funds allocated to civil projects from the

city budget remains rather low. And the procedure stated in most of the Ukrainian city programs preserves the powers of the deputies of local self-government that control this process. As for the projects only a minimal percentage of them can really be called creative and generally meaningful – often initiatives concern the communal sphere, are local in character and de facto duplicate existing directions of expenditures of city budgets.

The program of the introduction of participatory budgeting in Kharkov started in 2018 and for the first year of the project 50 million hryvnias were allocated – a fairly large amount compared to other cities in Ukraine. In terms of positive nuances, it should be noted that in the requirements for submitted projects, there is a ban on thematic duplication of initiatives with existing urban programs (in particular, in the field of repair). In terms of negative nuances – control of the mayor's office over the distribution of civil budget. The head of the working group on civil budget issues is the deputy mayor, also the part of the working group will be the party majority under the mayor's control and the city's Legal department has the right to veto projects as well. The Internet platform «Active Kharkiv citizen», which according to the Program will become a platform for voting for projects, exists since 2015, and it cannot be called uncontrollable to the local authorities. In this respect, the participation budget as an instrument of direct democracy will not fulfill the function of the civil alternative to the deputy corps and the mayor's office in the matter of allocating funds.

Kharkiv already has the experience of implementing other instruments of «participatory democracy» – in particular, electronic petitions on the city council's website or «service 1562» (specializing in the communal sphere). During the period of its functioning it turned out that Kharkiv citizens practically do not generate creative, generally valid initiatives. The vast majority of petitions concerned issues of local repair and some initiatives, apparently, were «thrown in» as information cause. Considering that for the civil budget one idea will not be enough – it is also necessary to calculate the indicative outlay of the initiative – there is no need to count on serious competition of high-quality projects, which

will only simplify the task of lobbying «favorable themes» for the city council. That is why in terms of recommendations it is necessary to detail the priorities and requirements for projects that should not simply be duplicative to existing urban programs, but also meet a number of criteria. First and foremost, projects should be generally accessible and universally valid. Initiatives appropriate to the interests of one group of Kharkiv citizens (age, professional, territorial) should not be allowed to vote. It is also important for projects to have a strategic orientation and the effect of their implementation should not be limited to a short-term perspective.

The prospects of participatory budget and other elements of participatory democracy introduction should be carefully estimated, taking into account the criticisms of this concept. One of the key requirements for the effective operation of such institutions is not only civic activity, but also competence and education. It is extremely important regarding the fact that the main «product» of the participation budget is not projects that much, but conscious and competent citizens who actively participate in the process of developing local policies. It is significant not only to popularize the «Public Budget» Program, but also organize events (courses, trainings) for project management for Kharkiv citizens, so that every next year of implementing the «Public Budget» Program the quality of the proposed initiatives increase.

For illustration, let us conduct a thought experiment: imagine that the issue of the minimum wage size to be placed in the state budget is submitted to a nationwide referendum, with two alternatives «3,724 UAH» or «37,240 UAH». It is more likely that the majority of Ukrainians will choose the second option, which will result in hyperinflation and closing/shadowing of small / medium business. As a result, everyone will lose from «national participation», because the expansion of the circle of participants in decision-making in conditions of populist discourse and low level of civic education is not a guarantee of the effectiveness of decisions.

Thus, the prospects for the further research lie also in the sphere of the monitoring the implementation of projects and evaluating their effectiveness. Mass voting should be carried out not only at the initial stages of the selection of funded

projects, but also at subsequent stages to assess the concrete results of certain projects. Such «feedback» will allow to correct the priorities of the Program and to show which projects really meet the interests of Kharkiv citizens, and which ones are inappropriate to finance.

In terms of voting, it is extremely important to protect the results from fraud. This issue is directly related to the problem of identification of the participants in the vote, but the model chosen by the deputies seems to be one in which there are signs of discrimination based on material indicator (voting with identification on a bank card). Moreover, the entire process of participatory budgeting should be depoliticized and removed from the direct control zone of the mayor's office, which requires the development of supplementary theoretical principles and practical procedures or mechanisms. In the procedural aspect, it is important to weaken the functions of the veto player of the city council's legal department and reduce the influence of the mayor's office in the working group on public budget issues (the head of the group should be an authoritative representative of the civil sector, not the deputy mayor).

REFERENCES

1. Кириленко О. Перспективи запровадження бюджету участі в Україні на основі зарубіжного досвіду / О. Кириленко, І. Чайковська [Електронний ресурс]. – Режим доступу:
<http://dspace.tneu.edu.ua/bitstream/316497/2599/3/%D0%9A%D0%B8%D1%80%D0%BA%D0%BB%D0%B5%D0%BD%D0%BA%D0%BE.pdf>.
2. Міська цільова програма «Громадський бюджет (бюджет участі) міста Харкова» на 2018–2021 роки [Електронний ресурс]. – Режим доступу:
<http://www.city.kharkov.ua/ru/document/pro-zatverdzhennya-miskoi-tsilovoi-programmi-gromadskiy-byudzhet-byudzhet-uchasti-mista-kharkova-na-2018-2021-roki-51796.html>.
3. Муфф Ш. К агонистической модели демократии / Ш. Муфф // Логос – 2004. – №2 (42). – С. 180–197.
4. Хабермас Ю. Демократия. Разум. Нравственность / Ю. Хабермас. – М.: Academia, 1995. – 244 с.
5. A People's Budget: A Research and Evaluation Report on Year 2nd of Participatory Budgeting in New York City [Electronic resource] // The Community Development Project with the PBNYC Research Team, 2013. – 126 p. – Access mode: https://cdp.urbanjustice.org/sites/default/files/pbreport_year2_0.pdf.
6. Aragornes E. A Model of Participatory Democracy: Understanding the Case of Porto Alegre [Electronic resource] / E. Aragornes, S. Sanchez-Pages. – Access mode: <http://adres.ens.fr/IMG/pdf/14112005.pdf>.

7. Cabannes Y. Participatory Budgeting: A Significant Contribution to Participatory Democracy / Y. Cabannes // Environment and Urbanization. – 2004. – 6 (1). – P. 27–46.
8. Chicago's Participatory Budgeting Project Map, 2010–2016 [Electronic resource]. – Access mode: <http://www.pbchicago.org/projectmap.html>.
9. Cumming-Bruce N. Swiss Ban Building of Minarets on Mosques [Electronic resource] / N. Cumming-Bruce, S. Erlanger // The New York Times – Access mode: <https://www.nytimes.com/2009/11/30/world/europe/30swiss.html>.
10. Fischer F. Participatory Governance: From Theory To Practice [Electronic resource] / F. Fischer / The Oxford Handbook of Governance Edited by David Levi-Faur. – Access mode: <https://www.uww.edu/Documents/ce/workshops/Latin%20American%20Workshop/Participatory%20Governance%20from%20Oxford%20Handbook.pdf>.
11. Flynn A. Participatory Budgeting – Not a One-Size-Fits-All Approach [Electronic resource] / A. Flynn. – Access mode: <https://www.publicsectordigest.com/article/participatory-budgeting-%E2%80%93-not-one-size-fits-all-approach>.
12. Gelinas N. Why New York City's «Participatory democracy» is a Sham [Electronic resource] / N. Gelinas. – Access mode: <https://nypost.com/2017/04/02/why-new-york-citys-participatory-democracy-is-a-sham/>.
13. Public Spending, by the People: Participatory Budgeting in the United States and Canada in 2014 – 2015 [Electronic resource] // Public Agenda, 2016. – Access mode: <https://www.publicagenda.org/pages/public-spending-by-the-people>.
14. Silets A. The Pitfalls of Participatory Budgeting [Electronic resource] / A. Silets. – Access mode: <https://chicagtonight.wttw.com/2017/04/24/pitfalls-participatory-budgeting>.
15. Wampler B. Participatory Budgeting: Core principles and Key Impacts / B. Wampler [Electronic resource] // Journal of Public Deliberation, 2012. – Access mode: <https://www.publicdeliberation.net/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1236&context=jpd>.

Стаття надійшла до редакції 11.04.2018