

Russian Federation

(Российская Федерация)

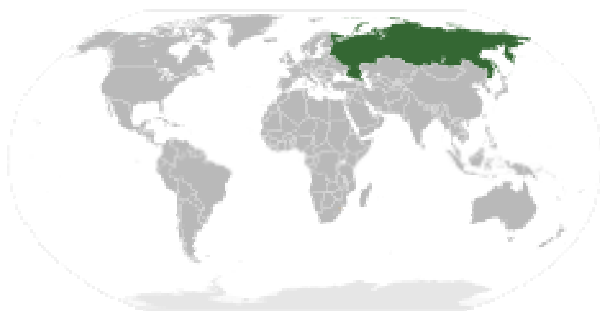


Capital: Moscow

Inhabitants: 142.008.838 (2008)

Area: 17.075.400 km²

1. Introduction



The Russian Federation is a federative state composed, from the 1st of January 2008, 85 member states (subjects of the Federation) instead of 88 before recent amalgamation of several subjects. Its population, as estimated on January 1, 2006, is 142,7 million people. It has the largest territory in the world – 17 million square kilometres.

Modern local self-government in Russia has been built during the last 15 years on the place of former local government organs, lower chains of soviet centralised government.

The search for optimal forms of local self-government are reflected in different federal laws, the last of which – On General Principles of Local Self-Government (Federal Law No. 131) – was enacted on October 6, 2003.

Finally it will take force on January 1, 2009. Five-year transition period has been provided in order to enable municipalities, especially the new ones, to gradually adjust themselves to the new legal regime of their activities. In this situation the Federal Government has undertaken measures clearing off local budgets from debts, have worked out and implemented national programs coping with the problems of municipalities in the spheres of public health, education and other social services.

The state and development of local self-government is evaluated differently by state bodies, municipalities and experts. There is certain opposition to the municipal reform from the regional governments, which do not want to share powers and resources with local self-government bodies.

The municipal and expert communities discuss problems concerning the implementation of the principle of subsidiarity in the separation of powers between state and municipal government, the sufficiency of comprehensive financial resources with regard to the burden of tasks, the provision of powers to local self-government bodies to increase local taxes, the optimal distribution of property between different levels of local self-government and moderation in vesting



local self-government bodies with state powers because unreasonably large volume of such powers may decrease attention to local matters. Municipal reform goes along with the deepening and development of market relations in the national economy. Meanwhile the states with a stable market economy discuss the opportunities for decreasing the number of municipal services, the Russian Federation (as well as the other states of the Commonwealth of Independent States) search the ways for enlarging and improving social municipal services. On the one side, it is proposed to increase budget expenditure, and on the other side, to privatize municipal property and to provide limited market autonomy to enterprises functioning in the sphere of social services.

2. Territorial organization

The Russian Federation is composed of republics, lands (kraj), regions (oblast'), federal cities, autonomous districts (okrug) and autonomous regions (oblast'). All member states of the Russian Federation are equal.

Local self-government is exercised in the whole territory of the Russian Federation in city settlements, rural settlements, municipal districts (municipal'nyj rajon), district cities (gorodskoj okrug) and inner-city districts of federal cities.

On January 1, 2006, 73 % of the population reside in city settlements, 27 % - in rural settlements.

The status of Moscow as the capital of the Russian Federation is established by federal law.

Law provides for specific organization of local self-government in federal cities – Moscow and Saint Petersburg.

Territorial reform of local self-government has been carried out since 2003. As a result the number of municipal units has increased twice.

On January 1, 2007 there were 23.972 municipal units, including:

- 522 district cities;
- 1802 municipal districts;
- 1756 urban settlements;
- 19.892 rural settlements.

Boundaries of municipal units are established and may be changed by member states of the Russian Federation. The main criteria for determining such boundaries are the number of inhabitants and the accessibility of the administrative centre the municipal unit.

Changes in territorial structure of local self-government launched by the Federal Law No.131 permitted to develop local self-government not only in urban territories as it had been before but also in rural territories.

There are still some problems caused by inadequate specification of such notions as rural and urban settlements which make it possible to change arbitrarily the status of municipal units (for instance, transforming towns into rural settlements or rural into urban territories and so on).

The Law does not provide criteria for providing the status of a district city. As a result a number of cities did not receive the status of independent municipal units and have become parts of municipal districts (for instance, Angarsk in Irkutsk oblast with population totalling 245,500 people or Gatchina in Leningrad oblast with population of 88,400 people)

Financial indicators.



The share of expenditures of local budgets in GDP of the Russian Federation was 6,5% in 2003, 6,2% in 2004, 5,3% in 2005.

The expenditures of local budgets in 2005 comprised 18 % of expenditures of the consolidated budget of the Russian Federation and 40 % of expenditures of consolidated budgets of member states of the Russian Federation.

In 2005 local budgets financed:

- 22 % of expenditures on public health,
- 16 % of expenditures on social policy,
- 43 % of expenditures on education
- and 18 % of investment expenditures of the consolidated budget of the Russian Federation.

The figures are respectively 26 %, 25 %, 55 % and 40 % of the expenditure of the consolidated budgets of the member states of the Russian Federation.

3. Institutions of local self-government

3.1 Local political systems

In the Russian Federation there are no regional and local political parties. Only federal political parties (including their regional and local branches) participate in the elections at all levels of power. In the total, there are 1,538 regional and 5,328 local branches registered in the member states of the Russian Federation. At the same time non-party public associations take part in the municipal elections.

The impact of political parties on local elections is well seen in big cities and municipal regions. In small municipal units many candidates are proposed by non-party associations or by candidates themselves.

Since 1990 there have been competitive elections at all levels. For instance, in 2005 at the elections in the newly established

municipal units 3 to 8 candidates were competing for one mandate.

There are two ways for forming executive organs of local self-government. Under the first the head of executive power is elected by population on general direct elections, under the second he is appointed on a contract basis according to results of a contest. In 2005 elections the heads of more than 30 % of municipal units were directly elected.

The law permits the use of proportional, majority and mixed election systems. Presently dominates majority election system.

The attitude of citizens to local politicians is heterogeneous. In the units where local government has significant resources and efficiently solves local issues, the authority of local power is high.

3.2. Participation of citizens

According to the data of the Central Election Commission of the Russian Federation, in 2004 - 2005 there were 11,144 main elections of local representative organs and 7,127 elections of heads of municipal units.

In 2005 50.46 % of registered electors took part in the elections of representative organs of local self-government and 51.65 % in the elections of heads of municipal districts.

On local level many forms of direct democracy are applied, in particular, local referendum, recall of elected officials, voting on the changes in the boundaries of municipal units and their transformation, direct rule-making initiative, public hearings, citizen meetings, conferences. In 2004 – 2005 22 member states of the Russian Federation conducted 4,000 local referendums (mainly they were devoted to



the structure of organs of local self-government).

At the sub-municipal level (a part or a whole tenement-house, a group of tenement-houses and so on) exists a territorial voluntary self-government which is exercised in the form of meetings and conferences of citizens and through territorial voluntary self-government bodies.

Availability of information about activities of municipal bodies is ensured by federal law. The study of the experience of citizen participation in local self-government is promoted by information provided by many municipal units in their own web-sites. Such information, as a rule, is official.

Traditional institutions preserve activity basically in the territories of residence of aboriginal (native) small nations of the North. The preservation of their organisation of life is ensured by federal law.

But still there are many problems. Sociological polls show that insignificant part of population (about 7 %) regard local self-government as the initiative of local population. 64 % of population think that their well-being depends on federal government and only 9 % believe that it depends on local self-government.

Weak interest of population in local self-government may be explained by a number of factors. One of them resides in a low political culture of a significant part of population, their inclination to strong central power, which in their minds is a sole authority able to cope with economic and social problems. Another main reason is the bureaucratisation of local self-government bodies.

The state is constantly searching the ways for improving the situation. Amendments

to the Federal Law No. 131 adopted in November 2007 provide for the organisation of the register of municipal normative legal acts. The register will help to arrange the growing volume of acts, to avoid contradictions and gaps in legal regulation, to ensure transparency in local self-government.

3.3. The staff of local self-government

In 2006 the number of municipal employees comprised 280,000 persons (since 2003 the growth is 0,9 %). It is on average one municipal employee for every 500 citizens. This includes only people employed in local self-government bodies.

Legal status of municipal employees is established by the federal laws (at present: law n°25 of 2nd March 2007), laws of member states of the Russian Federation, charters of municipal units. The status of municipal employees is based mainly on general principles established for state public service.

The evaluation of the quality of work of municipal employees is exercised on the basis of qualification examinations or attestations. Municipal employees may be subjected to disciplinary liability for non-execution or undue execution of their functions.

Elected officials of local self-government and municipal employees are equally responsible for crimes and administrative offences. Municipal government faces the same problem of corruption familiar to other levels of power in Russia.

The main emphasis of the administrative reform in the sphere of local self-government is made on the formation of the corpus of professional administrators. The improvement of the quality of services provided on the local level is expected through further privatisation of municipal



property, in particular, in the sphere of residence-communal economy.

4. Relations between central and local organs

4.1. General issues

The following main terms and notions are used in the legal system for regulating relations between central and local organs: matters of local significance, appropriate state powers transferred to organs of local self-government, agreements on cooperation, subsidies and subventions to local self-government, control over activities of organs of local self-government and so on.

In 2004 a new federal ministry on regional development of Russia was formed which has the powers, inter alia, to determine and to implement the policy of the state in the sphere of local self-government. On the regional level there are branch organs of executive power which exercise methodical aid to local self-government bodies and supervise due execution of powers vested in them.

In 2007, the President of the Russian Federation has established the Presidential Council on Development of Local Self-Government.

The Constitution of Russia regards the independence of local self-government as one of the fundamental principles of the constitutional system. Besides, the Constitution contains a separate chapter 8 "Local self-government" which lays down general guarantees of local self-government.

The power to adopt federal laws regulating local self-government is vested in the Federal Assembly (Parliament) of the Russian Federation. Normative legal acts or by-laws on local self-government may be enacted by the President, the Government

of the Russian Federation and other federal organs of executive power.

At the regional level appropriate acts are adopted by legislative bodies, heads of member states of the Russian Federation, other bodies of executive power of member states of the Federation. Organs and officials of local self-government enact municipal legal acts.

4.2. Control over local self-government

General control ensuring legality of the activities of bodies and officials of local self-government are exercised by the prosecutor's office (prokuratura) and courts.

The state exercises control over financial policy of municipal units: it is provided that budgetary means shall be returned in the event of their undue use; inter-budgetary transfers are made only under condition that all requirements of budgetary and tax law are observed; the state preserves the right to establish the maximum amount of salaries of deputies, other elected officials of local self-government, municipal employees, employees of municipal enterprises and organisations.

The functions of specialised or "branch" control are exercised by federal services established for the execution of the functions of control and supervision, in particular, in the spheres of fire protection, sanitary and epidemiological supervision, ecological control.

An act of a local self-government body may be repealed only by court or by the organ adopting such act. On the initiative of prosecutors and through court procedures annually 8,000 to 10,000 illegal municipal acts are revoked.

It is possible to dissolve or revoke before the term of mandate local self-government



bodies only by a court decision. Municipal employees may be dismissed or removed from municipal service only by the officials who appointed them.

Recently the federal government has undertaken further steps deepening branch specialisation of organs of executive power, has unified their categories and forms (ministries, services, agencies). The impact of branch organs of executive power on the activities of local self-government bodies is exercised by delegating certain state powers and controlling their execution, providing methodical guidance in appropriate branches and spheres of management.

Relations between the centre and local self-government develop intensively in the spheres of inter-budgetary relations, delegation of state powers, legal, including judicial, protection of local self-government.

4.3 Protection of the right to local self-government

Organs and officials of local self-government and citizens may file suits in courts protecting infringed rights.

In 2001 the Congress of municipal units was formed which united a significant number of municipalities. It regularly provides expert evaluations and materials to the Government on draft normative acts proposed by federal authorities. In particular, it took an active part in the elaboration of the Federal law On Local Self-government dated October 6, 2003. Presently, in accordance with this Law, instead of the Congress a new association is being formed – United All-Russian Association of Municipal Units (abbreviation in Russian - EOOMO), composed of the councils of municipal units existing at present in all member states of the Federation. The main trends of its activities

include monitoring federal legislation from the standpoint of the interests of local self-government, participation in the federal legislative process, promotion of the activities of councils of municipal units of member states of the Federation.

Side by side with EOOMO inter-regional associations of municipalities continue working: Union of Russian Cities, Union of Small Cities, Association of Cities of Siberia and Far East and others. Beside councils of municipal units, in several member states of the Federation there are associations of representative organs of municipal units.

The procedure and practice of resolution of conflicts presuppose the use of negotiations, the establishment of reconciliation commissions, non-judicial forms of settling disputes with participation of higher organs of power. In the event consent is not achieved, a dispute is resolved by court.

5. Functions of local organs

Organs of local self-government provide public services to population in the spheres of education, public health, social support, culture, residential (communal) economy, sport and youth policy. Since 2003 they have been additionally vested with powers to promote the development of small business, agriculture, protection of population in situations of emergency.

The powers of local self-government bodies are stipulated by legislation and municipal legal acts.

Municipal reform of 2003 has made the powers of local self-government more concrete.

Education. Local self-government bodies manage the organisation of pre-school, general and supplementary school



education. About 36 % of all expenditures of municipal budgets are directed to these tasks.

Provision of social services. Local self-government bodies assign dwelling to low-income citizens, provide general services pertaining to amenities of the territories, public catering, funeral services and so on). The share in expenditures of local budgets is about 9 %.

Public health. The Russian Federation provides for the establishment and development of the municipal system of public health which is composed of municipal bodies managing public health issues, medical, pharmaceutical and drug-store enterprises belonging to municipalities (municipal property). About 80 % of medical aid in the Russian Federation are provided by public health organisations of municipal units.

Water, energy, electricity supply and public transport. Local self-government is traditionally responsible for water, energy, gas and heating supply of population and for providing services of public transport.

Support of economic development. Local self-government bodies manage the use and disposal of municipal property, decide on the management of municipal enterprises and organisations, undertake measures providing for general economic development of municipal units.

Decentralised tasks of local self-government bodies include issues of residence related communal economy, organisation of libraries, organisation of public services and amenities in the local territories.

Centralised tasks of local self-government are connected, as a rule, with the execution by local self-government bodies of powers delegated by the state. They

include the organisation and functioning of the system of initial registration of reservists, organisation of mobilisation system for the military, state registration of civil deeds and so on.

Unfortunately, it is necessary to acknowledge that the goal of optimisation of powers of local self-government bodies has not been achieved. The scheme of separation of powers between municipal units of different levels is not universal to all member states of the Federation. About one half of them decided to postpone until January 1, 2009 the provisional term within which municipalities are exercising a limited volume of powers (such an opportunity was provided by the amendment to the Federal Law No. 131 adopted in 2005).

Since the adoption of the Federal Law No. 131 a number of laws have been adopted enlarging the list of local powers. In particular, it included such issues, as organising and implementing measures of civil defence and mobilisation, responsiveness of municipal enterprises, preventing terrorism and extremism, promoting the development of agricultural production and enlarging markets of agricultural products and so on. There are reasonable doubts whether such issues have local significance. The functional nature of local self-government is defined by a specific method of management pertaining to every day life of people, mainly of small communities and individuals. This undoubtedly demands to take into consideration local conditions and opportunities and to utilise democratic procedures providing for direct participation of citizens in managing public affairs.

The other problem was created by the amendments to the Federal Law No. 131 which made unclear the procedures for transfer and execution by local self-



government bodies of state powers. In particular, organs of local self-government may now decide to take over certain tasks belonging to state competence. In this case nothing is said about financing, they are supposed to finance these additional tasks on their own resources.

6. Local finances

There are only two local taxes – land tax and tax on property of physical persons. According to estimates of 2005, these taxes comprised 4.29 % of revenues of local budgets. The budgets of municipal units receive appropriate shares of several federal taxes (including the tax on the income of physical persons). Laws of member states of the Federation may establish additional assignments of revenues of federal and (or) regional taxes and duties.

In 2005 the share of tax revenues of local budgets in the tax revenues of the consolidated budget of the Russian Federation comprised 40 % and in the revenues of local budgets – 36.7 %.

In 2005 transfers from federal and regional budgets to local budgets amounted to 52.5 % of revenues of local budgets. In the structure of such transfers 54 % belonged to subventions, 32 % to grants and 14 % to subsidies.

According to the information of the Chamber of Accounts of the Russian Federation, only 2 % of municipal units are self-sufficient.

These figures are confirmed by other sources. For instance, according to the data provided by the Ministry of Finances, the strongest financial positions have district cities. In 2006 in 21.6 % of this kind of municipal units the share of transfers did not exceed 5 %. The situation

in rural settlements was more difficult: 56.9 % of them were highly dependent (50 to 100 %) on transfers.

Several municipal units take part in realisation of international programmes of the World Bank, International Bank for Reconstruction and Development, European Bank for Reconstruction and Development stipulating the receipt of financial resources for investment projects.

Other revenues of local budgets include, in particular, the share of profits of municipal enterprises left after levying taxes and other payments, income derived from the sale and use of municipal property, imposition of fines and so on. In 2005, revenues of local budgets from such sources comprised 10.8 %.

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