

Administrative Reforms in the Russian Federation

An Outline

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Introduction

Upon his inauguration eight years ago President Putin and the Government of the Russian Federation has embarked on an urgently needed large-scale reform of the public administration and federal relations.

This reform package encompasses 5 major stages, four of which more or less have been accomplished, while the fifth – the reform implementation – is currently ongoing:

- By the Presidential Decree of May 19, 2000 7 federal *okrugs* (headed by the presidential plenipotentiaries) were created with the aim of controlling the process of bringing the regional legislation in accordance with the federal legislation and in line with the Constitution of the Russian Federation.
- By the Presidential Decree of June 21, 2001 a Presidential Commission was established, which in summer 2002 presented its “Concept of Distribution of Responsibilities between Federal Authorities, Authorities of Subjects of the Russian Federation and Municipal Authorities on General Issues of Organization and Structure of Government and Municipal Authorities”.
- Two laws which constitute the new basis for the overall public administration and federal relations were drafted and adopted in 2003: “On General Principles of Organization of the Legislative (representative) and executive Bodies of State Power of the Subjects of the Russian Federation” (No 95-FZ) (July 4, 2003) and “On General Principles of Organization of Local Self-Government in the Russian Federation” (N0 131-FZ) (October 6, 2003).
- In accordance with the concept and the two above-mentioned laws the Presidential Commission analyzed more than 250 federal legal acts and as a result of this work the GosDuma on August 22, 2004 approved the federal law on changes in legal acts of the Russian Federation (No 122-FZ), which fundamentally changes the division of

responsibilities in many vital fields. Likewise corresponding changes were made to the Tax and Budget Codes.

- Thus the basis for a new, more efficient administrative and federal system has been created, but the implementation of the changes has not been finalized. This process on reform implementation is headed by the Presidential Commission on Improvement of Public Administration (Presidential Decree of July 16, 2004. In the “Concept of administrative Reform in the Russian Federation in 2006-2008”, which was approved by the Government on October 25, 2005, there is a focus on proper reform implementation.

Below we shall outline some main general aspects and characteristics of the current situation of administrative reforms in the Russian Federation.

We are not pretending to provide detailed analyses, but only to provide a rough overview of the situation.

The Speed of Reforms

One of the main problems of the existing system is that it is frequently changed. The basic laws are often changed and several new basic laws are likewise adopted. Thus the GosDuma in its half year sessions is often supposed to examine some 600- 800 draft laws. This evidently leads to a risk of low quality of many laws and legal acts.

Furthermore an essential new law as the above-mentioned law No 131-FZ on local government was amended and changed 15 times before it was supposed to come into force on January 1, 2006. After that date even more substantial changes have been adopted.

This in general creates a rather difficult situation for the authorities, which are supposed to implement the new law, as they have to deal with endless changes. And this very often leads to regional and municipal authorities hesitating in the preparation and the implementation of the new laws, as “you never know, the law will most probably be changed tomorrow, why then start to prepare today”. And this again leads to the situation, that regional and local governments legal acts often are not in correspondence with the federal laws.

Two things should, however, be mentioned in this respect.

- 1) First of all in many European countries there is also a high speed of law making and subsequent problems with the quality of the laws. This is actually a general issue of debate in many countries and there are frequent attempts to avoid this unfortunate situation. However, it should be mentioned that in the Russian Federation this seems to have come to an extreme, which is not at all comparable to most European countries.
- 2) Secondly, it is obvious that the Russian Federation for historical reasons is in need for reforms to an extent, which is not comparable with Western European countries. This makes it understandable and reasonable that the Russian lawmakers are pushing for changes.

Managing the General Reforms - Strategy of Reforms

Another issue, which seems problematic and somewhat damaging for the process of general reforms¹ is, that there seems to be a lack of a general and overall strategy for the reforms. As an example you have seen responsibilities and competencies being moved to and fro different levels of government in a steady process of redistribution. This again creates some confusion at the lower levels of power.

There might be some explanations for this, one of the most evident being the many “main players” in the reform process: GosDuma, Administration of the President, Government, Council of Federation, Constitutional Court etc.

Co-operation between the federal, regional and local level

From many regional and local level authorities it is stated that there is not enough contact and co-operation between the federal lawmakers and the ones who are drafting the laws on one side and the ones who are going to implement the laws on the other side.

In other words there seems to be some lack of systematic involvement in the law making process of the ones who afterwards will work according to the law in question, the latter often being the regional and local authorities. This creates a risk for the occurrence of two negative circumstances:

- 1) More mistakes in federal laws could have been avoided if one had been listening to and discussing with the ones who on a daily basis are working with these matters. Thus this could undoubtedly in itself raise the quality of the laws
- 2) Involvement in the law preparation process could ensure more commitment among the ones who is going to implement the laws. Thus this could help avoiding the above-mentioned situation, where lower levels to some extent are “ignoring” legal acts and regulations.

Another area of co-operation seems also often to be somewhat problematic. and that is the methodological and conceptual assistance, which the federal or central level in any state is supposed to render to the lower levels of power in their law implementation. Actually if this assistance is not rendered adequately and efficiently then every region have to “invent the wheel” every time a new law has to be implemented, instead of the federal level offering clear guidance and methodological and conceptual assistance in this e.g. in form of models of the needed regional legal acts.

For instance the assistance from the federal level to the regions and the municipalities in their implementation of the very difficult and complicated law No 131-FZ on local government is in any country highly needed. If this assistance is not rendered there is a risk that it will lead to frustration and waste of resources

Trust in Government – Efficiency – Bureaucracy - Corruption

¹ We are here talking about “general reforms” in opposition to “specific reforms” within concrete subject fields as social affairs, health care, education etc. General reforms deal with the overall design of the public administration system as such and with the division of competencies between the different levels of power etc.

On Transparency International's 2007 index of corruption perceptions in 179 countries Russia was placed at No. 143 along with countries like Gambia, Togo, and Indonesia. This is a serious set back from previous ratings.

Results of this seemingly substantial growth in corruption are shown in the nationwide poll conducted by the polling company, Romir and published on October 31, 2005. The poll shows that 52% of the respondents said that they do not trust one single branch of government in Russia. And furthermore the poll shows extremely low ratings for public trust in the main democratic institutions as e.g. Government 5%; GosDuma 2%; Supreme court 10%; and Office of the General Prosecutor 6%.

Furthermore the GRICS analysis (Governance Research Indicator Country Snapshot), which has been carried through every second year since 1996 by the World Bank on estimates of six dimensions of governance covering 209 countries places Russia at the lower end of the scale.

Finally according to a nationwide research study conducted jointly by the Russian Academy of Sciences' Sociology institute and the German Friedrich Ebert Foundation, and released on November 1, 2005, bureaucracy is not only perceived as more corrupt, but it has also significantly expanded.

The Government of the Russian Federation seems to be fully aware of this unfortunate and sad situation, which is both hampering the development of an effective, efficient and democratic state and hampering socio-economic development in any sphere of the country. Thus fight against corruption and inefficiency is made a high political priority of the Russian Government as part of the ongoing programme of administrative reforms (see the above-mentioned "Concept of Administrative Reform in the Russian Federation in 2006-2008").

To change this situation is of course not easy and will obviously call for tremendous and multilateral efforts.

Further development of the System of Local Government

As part of the general public administration reforms the Russian Federation has started a process of developing and implementing an overall system of local government.

This was initiated with the above-mentioned Presidential Decree of June 21, 2001 and the subsequent presenting of the "Concept of Distribution of responsibilities between federal Authorities, Authorities of Subjects of the Russian Federation and Municipal Authorities on General Issues of Organization and Structure of Government and Municipal Authorities.

All this led to the adoption of the above-mentioned Federal Law No-131-FZ on October 6, 2003.

However, the implementation of this law and the creation of a new system of local government in the Russian federation have – as mentioned above - not been completed yet.

Russia's peculiarities make it impossible to draw any direct parallels with any other federal system in the world. German, Austrian, Spanish, US, Swiss or any other models cannot – at least not fully – be transplanted to Russia. The country's historical and political traditions demand that Russia finds its own model for an optimal state system and its institutional design. The special aspects of the Russian situation, which must be taken into account when analyzing and assessing the federal structure and its institutional design include, first of all, the great vastness of Russia's

territory; the economic, climatic and geography diversity of its regions – and even intra-regionally diversities; and the great numbers of indigenous peoples with different languages which comprise its multi-ethnic nature.

In spite of this two conclusions can be drawn:

- 1) All international and Russian experience proves that state structure and its institutional design, has a substantial influence on economic performance. What is important in any economy is that sub-national government officials at regional **and local** level are rendered the maximum incentive to foster local economic prosperity
- 2) It is evident that Russia cannot effectively and efficiently be governed as a centralized state. Nobody seems to argue against this. Russia has – as all states – to find her balance between centralization and decentralization.

Conclusion

Above we have described some of the most evident general trends and characteristics of the ongoing public administration reforms in the Russian Federation.

It is our hope that this short outline will give the Danish participants in our common project “Consultancy Services for the Danish-Russian Local Government Development Programme” some answers to some basic questions of the state of the art of the Russian administrative reforms.

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