

Development of the Russian Local Government System

The Constitution of the Russian Federation - approved on December 12, 1993 - recognizes and guarantees local government, and states that local government is independent and not part of the state power (article 12). Chapter 8 of the Constitution sets out the organizational, territorial and economic basis for local government and outlines the principles for its cooperation with state power.

The European Charter on Local Government, which Russia ratified in 1998, has played a substantial role for the Constitutional and legal basis for local government development in Russia.

In accordance with the Constitution the first law on local government (No FZ-154) gave the subjects/regions of the Russian Federation rather broad responsibilities in relation to the legal regulation of local self-government. However, the law was only implemented partly, and it is estimated that only 21 subjects/regions of the Russian Federation on the basis of the law introduced a system of local government, which was in accordance with the Constitution.

Another serious problem was the “non-funded federal and regional mandates”, when federal and regional power transferred responsibilities to local governments without transferring (appropriate) financial resources for the carrying out of the responsibilities or services in question.

Upon his inauguration in 2000 President Putin together with the Government of the Russian Federation embarked on a highly needed large-scale reform of the public administration. As part of these reforms a process was started on developing and implementing an overall local government reform. The reform was initiated with the Presidential Decree of June 21, 2001 on the basis of which a Presidential Commission was established which in summer 2002 presented its “Concept of Distribution of Responsibilities between Federal Authorities of Subjects of the Russian Federation and Municipal Authorities on General Issues of Organization and Structure of Government and Municipal Authorities”. This led to the adoption of a new Federal Law “On General Principles of Organization of Local Self-Government in the Russian Federation” (No FZ-131) on October 6, 2003.

The new Law foresees that the municipal reforms should be carried through up to January 1, 2006, but in September, 2005 a series of amendments were approved, which rendered the subjects/regions of the Russian Federation the possibility to decide whether they find the newly formed municipalities at the settlement level ready and prepared to fulfill the responsibilities outlined in the law, or whether they have to postpone this to January 1, 2009, thus leaving the period between 2006 and 2009 as a transitional period, during which the settlements can prepare themselves to the new responsibilities.

The key objective of the new law was to stimulate development of really powerful self-government system, to bring local authorities closer to the people and to create a financial basis for local governments, which corresponds to their responsibilities.

However, the definition of tasks and responsibilities of local governments are still not unambiguous, and there even exists a substantial non-correspondence between the different central federal laws, which define the division of responsibilities between the different levels of power (NoNo FZ-95 of July 4, 2003; FZ-131 of October 6, 2003; FZ-122 of August 22, 2004; FZ-199 of December 29, 2004; and FZ-199 of December 31, 2005) and the sector legislation. Thus the legal framework for local government in Russia is still inadequate and is constantly

changing creating a very unstable situation for local governments. Furthermore, there are still a lot of responsibilities and tasks transferred to the local government level without additional economic resources.

Another issue, which seems to hamper the development of local government, is that local governments do not seem to have the adequate properties available for carrying through of their responsibility. This situation is even worsened by the fact that the process of transferring property to the local governments along with the transfer of responsibilities from the regional level has been substantially delayed by lack of clear criteria and mechanisms for this transfer.

Finally the existing tax system does not stimulate the strengthening of own income sources of the local governments. According to information from the Federal Assembly local taxes cover less than 15% of the financial needs of the local budgets. The inadequate financial basis for local governments was a main reason for the prolongation of the transition period of the law on local self-government FZ-131 to 2009.

Conclusion:

Thus although being of a high priority, the municipal reform is also a critical part of the overall public administration reform in the Russian Federation.

From the outset it was supposed that the new law on local self-government FZ-131 would help to build a strong and independent system of local self-government, which would facilitate public authorities working closer with and for the citizens. From this general point of view arose the idea of creating a lot of small municipalities (rural settlements). Thus as a result of the new law the number of municipalities has increased to approximately 24.500 out of which 11.000 are newly formed.

However, upon adoption of the new law in October 2003 it became slowly clear that this law in itself did not help to solve the majority of problems for development of local self-government, but rather even created new problems.

While many regions still seem to be in strong opposition to the introduction of the new system of local democracy, it seems that at the federal level there is a general support, wish and will to continue the reform of local government.