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# **ASSESSMENT OF CORRUPTION IN THE RUSSIAN FEDERATION**

## **FINAL REPORT**

**AUGUST 6, 2010**

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## Table of Contents

List of Acronyms.....	4
Executive Summary.....	5
0. Introduction.....	15
1. Specifics of Russian corruption.....	16
1.1. Scale, structure, and dynamics of Russian corruption.....	17
1.2. The causes of Russian corruption and of its growth.....	21
1.3. Consequences of corruption and challenges set forth by corruption	23
1.4. Factors impeding and promoting counteraction to corruption....	26
1.5. Stakeholder analysis .....	29
2. Anti-corruption activities in Russia.....	34
2.1. The legal environment.....	35
2.2. Analysis of the results of the anti-corruption efforts of the Russian authorities.....	40
2.3. Description of anti-corruption activities of non-governmental organizations.....	43
2.4. Analysis of anti-corruption activities of donors.....	45
2.5. Analysis of USAID anti-corruption activities.....	50
3. Anti-corruption strategy for USAID in Russia.....	55
3.1. Foundations of the strategy.....	56
3.2. Goals and tasks of the anti-corruption strategy.....	59
3.3. Implementation of the strategy.....	63
3.4. Projects in the framework of the strategy.....	66
Conclusion.....	71
Bibliography.....	72
<b>Annexes</b>	
Annex 1. List of subjects for in-depth interviews	
Annex 2. Reports on experts in-depth interviews	
Annex 3. Gender analysis of corruption	
Annex 4. Expert's questionnaire for evaluation of various kinds of corruption	

## FIGURES

- Figure 1 Dynamic of corruption in Russia according to the Corruption Perceptions Index
- Figure 2 Corruption risks for everyday marketplace transactions
- Figure 3 Corruption demand for everyday marketplace transactions
- Figure 4 Parameters of various kinds of corruption. The horizontal axis represents negative consequences (the closer to the right, the greater), the vertical axis represents difficulty of counteraction (the higher, the more difficult)
- Figure 5 The charts representing the resources of the seven stakeholders in the federal power structure. The top end of the vertical axis corresponds to the interest in anti-corruption activities, and the low end corresponds to the interest in maintaining the status quo. The horizontal axis shows the relative amount of resources of each stakeholder group.
- Figure 6 The relative resources of the five political stakeholder groups. The top end of the vertical axis corresponds to the interest in anti-corruption

activities, and the low end corresponds to the interest in maintaining the status quo. The horizontal axis shows the relative resources of each stakeholder group.

Figure 7 Comparison of propagandistic (the horizontal axis) and intellectual (the vertical axis) resources of the seven stakeholder groups representing the non-governmental sector

Figure 8 Goals of the USAID anti-corruption strategy in Russia

## List of Acronyms

AC	Anticorruption
ALB	Associations of large business
ASB	Associations of small business
CIPE	Center for International Private Enterprise
CPI	Corruption Perceptions Index
CPRF	Communist Party of Russian Federation
FZ	Federal Law (Zakon)
HEO	Human rights and environmental organizations
IMM	Independent mass media
LDPR	Liberal-Democratic Party of Russia
MCA	Middle class associations for defense of common interests
MSI	Management Systems International
NGO	Nongovernmental organizations
NPCC	National Plan of Counteraction to Corruption
RAP	Russian Anticorruption Partnership
RF	Russian Federation
TI	Transparency International
ToR	Terms of Reference
TT	Non-governmental think tanks
TU	Trade unions
USSR	Union of Soviet Socialistic Republics

## **Executive summary**

### **1. Specifics of Russian corruption**

The lack of accountability of and control over the bureaucracy, which has emerged since 2000, explains the rapid growth of corruption in Russia. This has led to the almost absolute impunity of corruption crimes.

The Russian transition, similar to the transition processes in many post-Soviet and Eastern European countries, has been based on the reproduction of formal institutions in the fields of economics, the law, political competition, and the regulation of non-governmental institutions. However, such reproductions, while changing the formal institutions and creating new ones, have not always changed the old informal norms, relations, and practices, in other words, the social environment. This gap leads to a perversion of the work of the new or reformed institutions by the deeply rooted social environment, and this becomes the second powerful cause of corruption.

The third cause of corruption and its growth lies in the organization and practices of the state and municipal services in Russia. The fourth cause is historical heritage. The fifth cause is weakness of civil society.

We will focus on the particular consequences and challenges for Russia, as a country with large-scale, endemic corruption.

1. Uncontrollable growth of corruption. As already noted above, corruption is the result of inefficiencies, like deficiencies in government or problems in social relations. Large-scale corruption generates new inefficiencies, and deficiencies and problems generate new varieties of corruption and promote the expansion of the already existing kinds of corruption.
2. Corruption as a giant institutional trap. This means that the majority in government, as well as in society, view corruption restriction costs as greatly exceeding the costs of corruption itself.
3. Habitualization of corruption.
4. Corruption is a threat to national security.
5. Corruption is a threat to public safety
6. Corruption is the basic cause of «human capital» degradation.
7. Corruption corrodes the legal sphere.

All seven of the above-listed challenges interact between each other in various combinations and strengthen each other, accelerating the spiral of corruption and aggravating its negative consequences.

The USAID anti-corruption strategy in Russia can be efficient only if it takes into account the specific features of the corruption situation in Russia – those which can be classified as factors impeding or promoting counteraction to corruption.

#### Critical factors impeding counteraction to corruption in Russia

1. The endemic character of Russian corruption.
2. Specific features of the political regime, under which the autonomy of the branches and levels of power, of governmental and non-governmental institutions has been destroyed or greatly undermined.
3. The degradation and the low level of efficiency of the law-enforcement system.
4. The lack of separation of government and business, uncertainty of property rights and inadequate protection of property by the state.

5. Deeply rooted patriarchal, paternalistic consciousness of the vast majority of the population, and the elitist consciousness of the majority of government officials.
6. Underdeveloped rule of law and conformism of the judicial branch.
7. Absence of a single command center responsible for carrying out anti-corruption policy, hence the dispersion of responsibility, which creates a system in which there is no accountability and responsibility at all.
8. Overall lack of transparency of the authorities, including in the development of anti-corruption policy at the federal level.
9. Low level of professionalism and expertise among government officials whose scope of responsibilities includes the development and implementation of anti-corruption policy.
10. The restriction of the activities and independence of non-governmental actors by the “vertical of power”.

Specific factors impeding the counteraction to corruption in Russia by non-governmental organizations:

1. Historically developed misunderstandings, both by the majority of the population and the absolute majority of government officials, of the role of civil society and its potential.
2. Uncertainty and unreliability of the legal status of non-governmental organizations.
3. Excessive control and unreasonable restrictions on activities of foreign donors.
4. Donors' selecting organizations to implement anti-corruption projects that are not equipped to successfully implement AC projects.
5. Lack of transparency in the activities of many NGOs participating in anti-corruption projects.
6. Low level of professionalism and expertise of many staff of the NGOs that participate in AC projects.
7. Widespread conformism in non-governmental organizations' activities.

Factors contributing to resistance to corruption in Russia

1. The Russian authority is not homogeneous with regard to “corruption contamination.”
2. Anticorruption effort of the federal authority establishes a certain symbolic pressure on other power bodies and levels of power.
3. An important resource lies in the interest on the part of the Russian authorities in international integration, and in this way there may be an environment that is less tolerant of corruption, especially due to the effect of the economic crisis.
4. Decreasing readiness of the citizens to pay bribes corresponds with a greater ability to solve their problems without bribes.
5. There is a rather favorable climate for the development of anti-corruption initiatives, because public opinion is changing and citizens now recognize corruption as an important problem that needs to be addressed.
6. Activists working with non-governmental organizations, who have participated in anti-corruption projects, have accumulated experience, skills, and an understanding of the problems - an anti-corruption “tool kit.”

The stakeholders analysis shows that non-governmental organizations can match their resources (organizational, propagandistic, and intellectual) against the compulsion resources and propagandistic resources of the government stakeholders interested in maintaining the status quo. However, it is possible only on two conditions: first, they must consolidate their

resources; and second, they need to attempt to cooperate with representatives of government stakeholders who are interested in resisting corruption, regardless of their motivations.

## **2. Anticorruption activities in Russia**

### Russian AC legislation in force

- The Federal Law, “On Counteraction to Corruption,” and respective laws of the subjects of the RF (thus, the Russian AC legislation has two levels, federal and regional, and certain regional laws were adopted before the federal one).
- The Federal Law No. 172-FZ of July 17, 2009, “On Anticorruption Monitoring of Regulatory Legal Acts and Draft Regulatory Legal Acts.”
- A number of regulatory acts apply to state and municipal services, for example, the Federal Law No. 58-FZ of May 27, 2003, “On the System of Civil Service of the Russian Federation,” the Federal Law No. 79-FZ of July 27, 2004, “On State Civil Service of the Russian Federation,” and the Federal Law No. 25-FZ of March 2, 2007, “On Municipal Service in the Russian Federation.”
- Legislation prescribing criminal or other responsibility for corruption offenses: the RF Criminal Code of 1996, the RF Code of Administrative Offenses of 2001, and the Federal Law No. 115-FZ of 2001, “On Counteraction of Laundering of Illegally Obtained Incomes.”
- Order of General Prosecutor's Office No. 400 of December 28, 2009, “On Organization of Conducting AC Monitoring of Regulatory Legal Acts.”
- RF Government regulations No. 96 of February 26, 2010.
- Certain provisions of other RF laws (the Federal Law of July 26, 2006, “On the Protection of Competition,” the RF Civil Code, and others).
- The Decree of the RF President of April 14, 2010, No 460.

### Problems

- Serious gaps in legislation (such as the absence of a unified code for civil servants that establishes ethical and conflict of interest standards).
- The regulatory acts in force constitute the basis for excessive administrative discretion and thus create conditions conducive for corruption.
- Too much attention is paid to legislative changes which may be a cultural norm, and part of the Russian legal consciousness.
- A considerable number of the proposed measures are solely declarative in nature.

The bulk of AC efforts focus on corruption monitoring. However, more and more draft laws are being proposed, and some of them have provided practical measures for actually addressing, fighting and preventing corruption. For example, a new draft law was submitted to the State Duma on July 14, 2010. The draft makes it obligatory for government officials to submit information about the income and property of a wide circle of relatives, including grandparents, etc. Another legislative initiative would introduce fines for people convicted of corruption that would be proportionate to the size of the bribes they had taken.

Certain positive results of Medvedev's launch of a new anti-corruption policy in Russia should be also noted. They are as follows::

1. Corruption was for the first time designated by the supreme Russian authority as the top priority of its policy.
2. For the first time, specific government officials were named whom representatives of non-governmental organizations, desiring to cooperate in the anticorruption field, could address.

3. In general, the Russian supreme authority selected a Western-like strategy of counteracting corruption; this has been confirmed by international treaties signed by Russia
4. Certain results have been achieved within the administrative reform with regard to preventing corruption.
5. Anticorruption expertise of draft laws has become common practice.
6. High- and top-level government officials are now required to disclose their incomes annually.
7. Conditions favorable to anti-corruption activities of non-governmental organizations have been created, though not necessarily intentionally, in the country.

The Russian president's displeasure will be well understood if those efforts are viewed, point by point, in the context of their implementation.

1. As of now, the priority place of anticorruption in the Russian politics is confirmed for the most part by practical steps. Counteraction to corruption itself is understood in a limited way; in particular, the political corruption is generally ignored.
2. There is no system of distribution of powers and responsibilities to implement the anticorruption policy.
3. International anti-corruption treaties are not fulfilled.
4. The anti-corruption steps undertaken in the framework of the administrative reform often have only a limited and temporary effect.
5. Anti-corruption monitoring is not supported by legal provisions that strictly stipulate requirements for responding to corruption identified by monitors. The very idea of perfecting the laws is offset in Russia by the seemingly voluntary and selective practice of their application.<sup>1</sup>
6. The declaration of incomes is not accompanied by an analysis of government officials' expenditures. There are practically no public and official mechanisms for responding to the obviously compromising results of the incomes declaration.
7. Civil society institutions have up till now, been extremely passive and have not taken advantage of the emerging conditions favorable to conducting anti-corruption activities.

#### Problems related to methods (strategy) of anticorruption policy

1. Non-transparency of the anticorruption policy.
2. Anti-corruption acts, issued by the authorities, are anonymous and this fact leads to the development of regulatory acts that are not well drafted, both conceptually and with regard to legal technique.
3. Because of lack of transparency in anti-corruption policy, the professional level of the produced directives is extremely low.
4. The strategic acts in the field of anti-corruption, issued on behalf of the President, suffer from a non-systemic approach, fragmentary form, and a seemingly random selection of proposed measures.
5. There are no efforts to form a wide anti-corruption coalition that encourage active public participation.
6. There is no in-depth and comprehensive analysis of the corruption situation in Russia, on which anticorruption policy for Russia should be based.

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<sup>1</sup> It can be supposed that right because of this the anticorruption expertise is so popular among the Russian government officials, while activities of any scale in this field can produce an absolute-zero result.

7. There are no clearly formulated operational and measurable policy goals, and as a consequence, there are neither indicators of successful policy implementation, nor is there consistent monitoring of the corruption situation.<sup>2</sup>
8. There are no formal and consistent operating mechanisms (including independent ones) to audit anti-corruption policy implementation.
9. The already accumulated positive experience at the regional and municipal levels has not been adequately studied to reap the benefits of this experience, and foreign experience is used selectively and uncritically.
10. International cooperation still has a declarative character.

#### Problems and omissions in the anti-corruption policy

1. Prosecution for corruption is applied selectively and corruption in the top echelon is entirely immune from it.
2. The anti-corruption plans announced by the RF President do not require the establishment of an independent power body (agency or committee) responsible for anti-corruption policy, although this is stipulated by international treaties to which Russia is a party.
3. Nothing is done to stop corruption practices in public service appointments.
4. The political corruption is similarly excluded from the agenda.
5. Corruption at the municipal level still has not attracted serious attention.
6. Measures, which could have provided society with tools of address corruption are not in consideration.

#### The main results of the non-governmental organizations' work were as follows:

- pressure from these organizations prodded the authority to recognize corruption as one of the country's key problems and contributed to selection of a «Western» model of counteraction to corruption;
- the social marketing and educational work of these organizations has altered the public understanding of corruption in society and government;
- non-governmental organizations paved the way to international cooperation in the anti-corruption field;
- various anti-corruption tools were developed and partially introduced into the authority's practices;
- new experts in the field of anticorruption were trained.

#### Shortcomings in the anticorruption activities of non-governmental organizations include:

- lack of transparency within and networking and collaboration among organizations;
- weak coordination of work and dispersion of information on lessons learned and best practices for replication;
- absence of developed and influential networks of anti-corruption organizations;
- for many organizations, absence of strategies and long-term programs, and emphasis on short-term programs designed around spectacular PR events;
- business associations are more concentrated on prevention of damage to individual companies and are less inclined to solve the tasks aimed at the systemic defense of group interests.

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<sup>2</sup> However, it should be noted here that the National Strategy of Counteraction to Corruption includes short references to corruption monitoring. According to the available information, the first such monitoring shall be conducted in the Fall of 2010. Undoubtedly, this is a leap forward.

The improvement of anti-corruption work of non-governmental organizations should be pursued along the following directions (along with the elimination of the shortcomings enumerated above):

- more actively introduce their ideas and methods into the authorities, to teach the authority;
- share information and resources among the anti-corruption non-governmental organizations; and use division of labor when necessary to make the most of the limited resources available to these groups through increased collaboration;
- more intensively train new professional staff so that they are better prepared to implement anti-corruption projects;
- conduct social marketing campaigns and other educational campaigns that seek to engage citizens in the anti-corruption movement and to provide them with the tools they need to address corruption in the daily lives.

We can evaluate the activities of donors in anti-corruption in Russia as follows.

Achievements:

- supported the emerging sphere of AC activities of non-governmental organizations;
- exported into Russia the positive experience and potential in the sphere of anti-corruption;
- aided in the formulation of a new direction of state policy in Russia;
- helped build confidence in Russian anti-corruption experts;
- financed long-term projects which have proved their efficacy.

Shortcomings:

- poor understanding of the nature and practices of corruption in Russia, which leads to an underestimation of possibility to use foreign experience to Russia;
- weak coordination among donors;
- absence of well-motivated long-term strategies;
- poorly managed competitions for funding lead to the financing of useless projects.

Possible ways for upgrading work:

- independent audits and evaluations of the projects being implemented.
- better selection of organizations to be financed;
- coordination of activities of donors with each other;
- development of AC strategy, benefiting from the advice of Russian experts.

We can give the following evaluation of the USAID activities in Russia.

Achievements:

- USAID is practically the only organization that has persisted in these worsening conditions for donors' work in Russia, continuing to finance anti-corruption projects. In the new conditions, this can help other donors to resume or to start financing similar projects;
- readiness to support large-scale projects which, with only one exception, lead to success;
- support of projects of various types and contents.

Shortcomings:

- absence of a long-term, well-motivated strategy;
- absence of a regional strategy of work;
- absence of coordination with other donors;
- insufficient use of the international experience;
- selection of funding recipients is not always sufficiently critical;
- non-critical attitude toward projects, including some that are nothing more than propaganda events and do not have concrete impacts and positive outcomes.

Possible ways for upgrading work:

- work on the basis of a multi-year program based on a strategy designed so make stage-by-stage work and continuity possible;
- selection of strategy components with due regards of diagnostics;
- regional coordination projects;
- ensure that independent evaluations and audits of large-scale projects are conducted;
- coordinate with other donors.

**3. Anti-corruption strategy for USAID in Russia**

Criteria to be used to design the proposed strategy and to evaluate potential projects to support under the proposed strategy:

- feasibility;
- relevance;
- strategic impact;
- public significance;
- sustainability.

Requirements for the anticorruption strategy:

1. The strategy should be based not on a search for the best solution but on a design that incorporates the best acceptable (and possible) solutions.
2. Projects in the framework of the strategy should be aimed both at direct anti-corruption measures and measures aimed at modernizing and improving the management and operation of the state institutions' work.
3. The strategy should include projects aimed at bringing about positive changes in society by addressing corruption.
4. The projects in the framework of the strategy should complement the efforts of the authorities to combat corruption.
5. The strategy should include coordination of efforts with other donors, international programs, and international partnership agreements in the anti-corruption sphere.
6. The strategy should be public and transparent, this requirement should be extended to projects making up the strategy.

General requirements for the projects:

- reliability;
- transparency;
- goal orientation;
- measurability of results;
- inter-project coordination;
- public effect.

## Goals tree of the USAID anticorruption strategy:

Develop conditions favorable to counteraction corruption,  
including:

1. Develop favorable social conditions,  
including:
  - 1.1. Develop attitudes favorable to counteraction corruption.
  - 1.2. Anti-corruption education.
  - 1.3. Develop social practices to resist everyday corruption.
  - 1.4. Engage the public in the AC movement.
2. Development institutional conditions favorable to fighting corruption,  
including:
  - 2.1. Improvement of measures (institutions, legislation etc.) for counteracting corruption.
  - 2.2. Reduce institutional conditions that contribute to corruption.

Now we should consider the objectives that should be pursued in order to achieve the goals. For each objective, we will indicate the social groups and institutions that can be targeted. These objectives can be pursued not only through projects directly connected with the USAID AC strategy, but also in the framework of other USAID programs.

### 1.1. Nurturing attitudes favorable to counteracting corruption:

- 1) substitution of patriarchal, paternalistic perceptions about relations between government and society;
- 2) development of perceptions about democracy as a tool for increasing the effectiveness of government and its responsibility for society, as a prerequisite for combating corruption (1.1, 2);
- 3) development of perceptions about the place and role of government, certain government institutions, activist citizens, and non-governmental organizations in affecting social change (in particular, in counteracting corruption);
- 4) development of a modern legal consciousness;
- 5) development of awareness about corruption as a social phenomenon, and awareness of alternatives to engaging in corruption as a convenient way to solve everyday problems;
- 6) development of perceptions about the causes and consequences of corruption, including the damage that corruption inflicts on each and every resident of the country;
- 7) development of awareness about the various methods of counteract corruption.

### 1.2. Anti-corruption education

- 1) popularization of successful foreign experience of counteracting corruption, including information on the methods of doing so; (If this going to be one of the recommendations, you should probably include some where in the in report examples of the kinds of helpful foreign experience you are referring to.)
- 2) study, analysis and dissemination of positive Russian experience;
- 3) preparation and distribution of manuals, training guides and training courses on anti-corruption activities, programs, practices and policy;
- 4) publication of foreign and Russian scholarly literature dealing with corruption and counteraction to it;
- 5) publication of foreign and Russian popular literature dealing with corruption and counteraction to it.

### 1.3. Establishing and replicating social practices

- 1) provide information on the social experience of citizens and businesses in other countries;
- 2) informing citizens and business people about possible positive practices to influence government and interact with government in Russia;
- 3) develop, test and introduce new institutional and organizational frameworks for citizens and businesses to interact with government;

### 1.4. Engage the public in AC activities

- 1) study, analyze and disseminate information on foreign experience of public participation in counteracting corruption;
- 2) study, analyze and disseminate Russian experience of public participation in counteracting corruption;
- 3) recruit and train experts, activists and volunteers of existing and new non-governmental organizations planning to implement anti-corruption projects;
- 4) prepare training guides for experts, activists and volunteers of existing and new non-governmental organizations planning to implement AC projects;
- 5) encourage international cooperation of non-governmental organizations in the AC field;
- 6) create an information infrastructure for the AC work of non-governmental organizations to improve their coordination as well as their interaction with donors.

### 2.1. Improvement of measures (institutions, legislation etc.) for counteracting corruption

- 1) prepare, test and introduce new solutions/methods for power bodies participating in anti-corruption policy implementation;
- 2) prepare, test and introduce new solutions/methods for non-governmental organizations participating in anticorruption policy implementation in accordance with the National Plan of Counteraction to Corruption, as well as in the framework of their own independent initiatives;
- 3) support the government's involvement in international cooperation in anticorruption policy;
- 4) implementation of projects supplementing the official anticorruption policy and increasing its effectiveness;
- 5) independent monitoring and auditing of the implementation of anti-corruption measures.

### 2.2. Reduce institutional conditions that contribute to corruption

- 1) analyze corruption practices and identify the institutional and organizational deficiencies that contribute to specific corruption practices;
- 2) prepare new institutional and organizational solutions to restrict corruption practices;
- 3) participate in the implementation of the NPCC, specifically, the analysis of the potential for corruption inherent in regulatory acts;
- 4) provide independent monitoring and auditing of the measures aimed at restricting corruption in the framework of the NPCC;
- 5) study, analyze and disseminate foreign experience reducing the conditions contributing to corruption.

Let us begin our description of the proposed projects.

#### Support projects

*Association of anticorruption non-governmental organizations*

Support is provided to an association to implement the following tasks:

- coordination of activities of various non-governmental organizations in the sphere of anticorruption;
- assist donors in sharing information about their anti-corruption activities;
- individual tasks in anti-corruption education, which require the consolidation of the intellectual and professional resources of various organizations;
- individual tasks to encourage public participation in counteracting corruption, which requires the consolidation of the intellectual and professional resources of various organizations.

#### *Regional monitoring of anticorruption activities*

The main task of this kind of project is comparative region-by-region evaluation of the quality and productivity of the anti-corruption activities of the regional authorities.

#### *Russian society*

This project will evaluate the productivity of the implementation of the USAID strategy. The project consists of two public opinion polls, one at the beginning and one at the end of the USAID anti-corruption program.

#### Projects aimed at achievement the strategy goals

Only the primary projects, the necessity of which was recognized by the majority of experts (often unanimously) interviewed while preparing this report, are listed here. Here we list about the kinds of programs that might be funded within the strategy, consisting of related projects to be implemented by various non-governmental organizations.

1. Translation and publication of foreign literature on anti-corruption.
2. Translation and publication of foreign literature on general political and legal issues.
3. Preparation and introduction of Russian-language anti-corruption literature.
4. Preparation and introduction of anti-corruption training guides.
5. Preparation and publication of Russian-language literature on general political and legal issues.
6. Monitoring of corruption and anti-corruption activities.
7. Research on corruption practices, and development and introduction of measures preventing those practices and narrowing conditions for them.
8. Efforts for recruitment and training of experts and activists of non-governmental organizations engaged in anti-corruption activities.

## 0. Introduction

When working on this report, we proceeded on the presumption that a full-fledged strategy should include principles ensuring its productivity; goals for the sake of which it is implemented; tasks to be addressed in order to achieve the stated goals; and proposed projects and programs through which the planned tasks will be implemented.

In order for a strategy to be effective, it must: take into account the limitations and opportunities existing in the political, economic, and social environment in which it is planned. Representatives of countries, where the corruption situation and scale are less threatening, usually inadequately understand these conditions, and this was many times amply demonstrated during our contacts with them.

In view of this, we tried in this report to describe Russian corruption, its causes and negative consequences, as well as the resources and especially the limitations, which must be reckoned with when counteracting corruption in Russia. Russian experts have accumulated twenty years of experience fighting corruption, although this experience can hardly be described as successful. However, both its positive and negative aspects should be analyzed and the results of this analysis used in the planning phase. The experience accumulated by the authorities, civil society, and international organizations and donors is also reflected in the report.

This report also draws from the anti-corruption activities, research and experience of INDEM Foundation. This accumulated experience, as well as our aspiration to help our country in defeating corruption, and to share our knowledge with those who are ready to help, forms the basis of this report.

In addition, the following work was undertaken to prepare this report:

- sociological analysis of the gender aspect of counteraction to corruption;
- ten in-depth interviews with government officials and representatives of non-governmental organizations in Voronezh, Tver, and Perm;
- ten interviews with experts in Russia and in the USA<sup>3</sup>;
- stakeholder analysis, utilizing the literature and research review and the findings from the interviews conducted;
- survey of experts interviewed in order to evaluate the public danger presented by various kinds of corruption.

Information, provided by USAID, including assessments of corruption in Ukraine and Montenegro, were also of great help to us.

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<sup>3</sup> The lists of interviews conducted can be found in Annexes 1 and 2.

## 1. Specifics of Russian corruption



## 1.1. Scale, structure, and dynamics of Russian corruption

Radical reforms in the political, economic, and social spheres began more than twenty years ago, first in the USSR and then in the Russian Federation. The drastic societal transformation, as it usually happens, has been accompanied both by growth of corruption and certain qualitative shifts. The first qualitative shift was the transition from “imperial-totalitarian” corruption to market-style corruption.

Soviet corruption combined two components. The first, the totalitarian component, generated the corruption of shortages and centralized distribution of all resources. The second component was of the oriental-imperial variety. , Both before and during the Soviet era, the integrity of the empire was ensured, among other things, through an informal agreement between the central and regional elites: the regional elites pledged loyalty, and in return, the central elites agreed to turn a blind eye to the abuses and corruption of the regional authorities. Under both the Czarist and the Soviet regimes, corruption was seen by the supreme authority as an instrument for ensuring the loyalty of the bureaucracy as a whole.

The “Great Bourgeois Russian Revolution of the late 20th century”<sup>4</sup> eliminated the prerequisites of Soviet corruption for some time, thanks to the sharp weakening of the authority as a whole and the exhaustion of resources: the imperial model ceased to work and was substituted with a federalist one; exhaustion of resources made it impossible to retain the centralized machinery for their distribution (as there was nothing to distribute), and the goods shortages became irrelevant after the introduction of the new market institutions. As a result, corruption assumed a market character and morphed into a variety of shadow administrative services. Since the second half of the 90s, the disorderly trade in illegitimate administrative services has been joined by state capture and the purchase of favorable governmental decisions by large business. Corruption in the field of political competition has also gained momentum since the mid-90s, along with more and more widespread purchase of court decisions by large business and corruption in health care and higher education.

The second qualitative shift in the structure of corruption took place at the turn of the millennium. The disorderly and growing market for corruption became more organized and in a way, underwent a process of “crystallization,” as organized corruption networks took shape. For example, a corrupt network will fabricate a criminal case and then offer to dismiss it for a bribe.

The political turnover, which took place in that period, was accompanied by the increased centralization of power, restrictions on activities of opposition groups and the independent mass media; the destruction of federalism; and the imposition of control over the legislative process and court decisions when the executive branch's interests were involved. The institutions of external control over the bureaucracy were actually liquidated in two to three years. With no oversight and external controls, the central government has ruled as a monopoly, for itself. This has led to large-scale growth of corruption, especially in the sphere of relations between business and government.

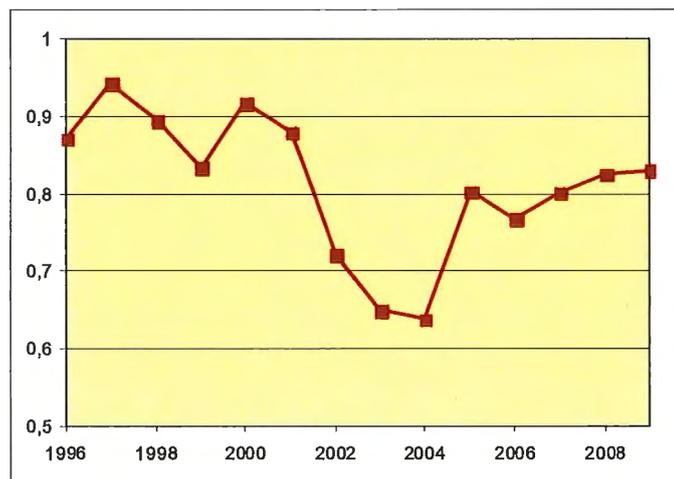
Systematic measurements of corruption in Russia, through application of international indexes, have accumulated information starting from the end of the 90s. We analyzed the dynamics of values and data from the following four indexes:

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<sup>4</sup> The term coined by A. M. Salmin.

- Corruption Perceptions Index (Transparency International);
- Corruption (Freedom House, “Nations in Transition”);
- Corruption (Heritage Foundation, “Index of Economic Freedom”);
- Control of Corruption (World Bank, “World Governance Indicators”).

All four indexes reveal similar trends in the period from 2000 through 2009: decreasing levels of corruption by 2004-2005, and subsequent growth of corruption. The chart below illustrates this trend using data from the Corruption Perceptions Index. As numerous countries have been evaluated annually, a group of countries that are all included in the same indexes as Russia was selected; the middle value in this group was divided by the total number of countries. This technique makes it possible to compare the results year by year. The greater the value of the indicator here, the higher the corruption level, according to the Corruption Perceptions Index.<sup>5</sup>



**Figure 1.** The corruption in Russia dynamics according to the Corruption Perceptions Index

Fig. 1 clearly demonstrates the above-mentioned trend. It is noteworthy that the peaks in the chart demonstrate the sensitivity of the index to scandals, like the resignations of a group of top government officials in 1997, the reaction in Russia to the coverage of Russia in the 2000 presidential campaign in the U.S., and the bankruptcy of the YUKOS company in 2005. It should be noted that those scandals only partially reflected the actual levels of corruption. As a whole, CPI and similar indexes reflect, most of all, the subjective evaluation of corruption in a country by experts or respondents. This is the reason why there is such a sensitivity to scandals covered in the media. Such indexes normally register trends (and not always precisely), as opposed to measuring the real state of affairs. This is because they rely on subjective evaluations. INDEM Foundation studies have demonstrated that subjective evaluations of corruption levels correlate, to an extremely high extent, with the evaluation of trust in the present authority. This effect visibly reveals itself in Fig. 1. The subjective evaluations of Russia's level of corruption tended to become more favorable with each shift of power, but later this trend shifted once the new authority's (corrupt) character became evident.

Indeed, corruption in Russia, especially business corruption, grew in 2000-09. As early as 2004, it substantially exceeded the late 90s level. Along with sociological data (in particular, INDEM Foundation studies), this is confirmed by criminal statistics demonstrating a rapid

<sup>5</sup> Actually, the indicator used by us shows the share of countries where the corruption level, according to the CPI, is lower than in Russia.

rise in the amounts of bribes. In 2008, presidential candidate D. Medvedev had to speak about the impropriety of trading in government positions, while in the 90s, this issue had not been raised, even by the opposition (although there was indirect evidence, in several rare cases, of bribes for office).

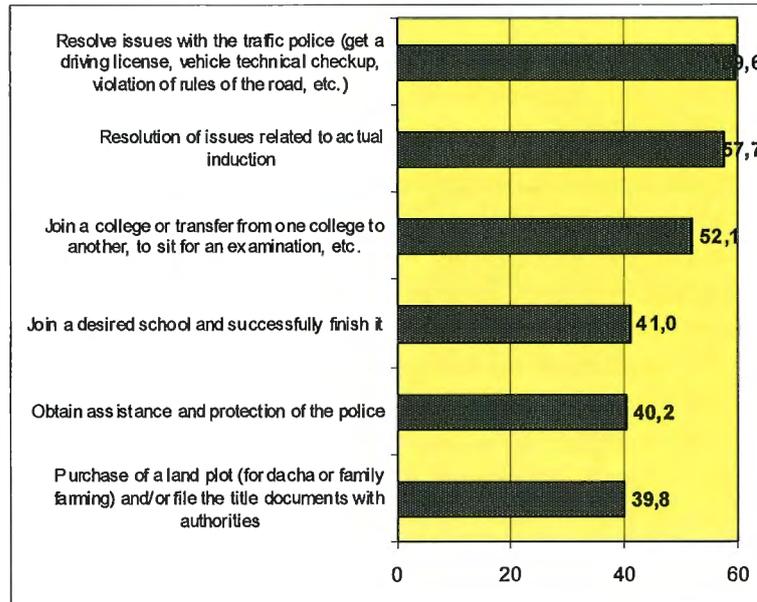
INDEM Foundation studies<sup>6</sup> have shown that the average amount of a corporate bribe grew thirteen times during the period from 2001 through 2005. The dynamics of the purchasing power of the “average-amount bribe” is illustrated by the fact that in 2001 such a bribe could buy 200 square meters of housing in the primary housing market, at the average all-Russian prices, and in 2005, one could only buy 30 square meters for the same, “average-amount bribe.” The growth of the average bribe amount is also confirmed by reports of law-enforcement bodies on the detention of criminals and the reported amounts of the bribes involved. A typical example: in the late 90s, a customs official would close a warehouse of a medium-sized company, blackmail the company's chief, and subsequently remove the seals for 30 to 40 thousand dollars. Five or six years later, such a transaction would bring about a half-million dollars to the official.

The structure of everyday corruption can be described using several different kinds of indicators. The most important of them is corruption risk, or the probability for a citizen to confront a corruption situation when addressing certain kinds of problems with government representatives. The higher the corruption risk, the greater the “corruption pressure” applied on the citizen by the government representatives. The following chart presents the spheres of state services with the highest corruption risks (the probability is measured in percentiles). It should be noted that the everyday corruption risk as a whole grew from 25.7 % to 35.0 % from 2001-2005, that is, by more than one third from the initial 2001 level. Fig. 2 reveals the greatest rate of growth in corruption was in schools (more than three times higher) and for the registration of land ownership (more than two times higher). The corruption risk in contacts with the traffic police on the road remained practically the same.

The lowest corruption risks are associated with registration of pensions/retirement and recalculation of pensions (11.4 %), and registration of social benefits and their recalculation (19.8 %).

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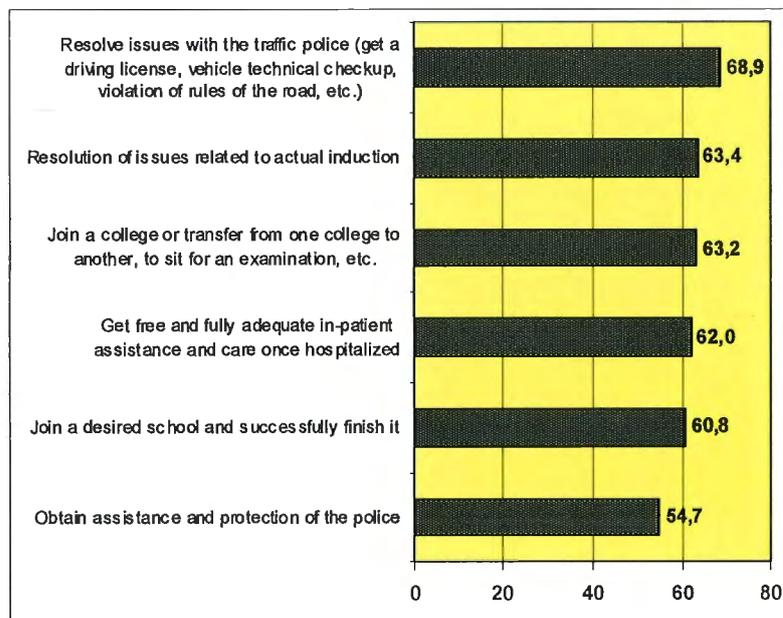
<sup>6</sup> G. A. Satarov, ed. *Russian Corruption: Level, Structure, Dynamics. An Attempt of Sociological Analysis*. Moscow: The State University–The Highest School of Economy (in print).



**Figure 2.** Corruption risks for everyday marketplace transactions: Corruption risks (in percentiles) for everyday marketplace transactions, including the greatest values/risks of this indicator.

The most alarming zones for corruption are easily identified, these are higher and secondary education. Both those markets are distinguished by their growing corruption risks, their high values, and, most important of all, by the widespread and long-term nature of their negative consequences.

The second important indicator, describing everyday corruption, is corruption demand, or probability (presented in percentiles) that a citizen will pay a bribe when facing a corruption situation. The chart below represents the corruption markets with the greatest “customer” demand.



**Figure 3.** Corruption demand (in percentiles) for everyday marketplace transactions, including those transactions that have the highest values for this indicator.

The reasons why citizens are so willing to pay a bribe vary, and include their strong need for state services (such as health care or education), the high risks that result from refusing to pay a bribe (for example, getting drafted into the armed forces), or ability to pay (bribes to traffic police officers on the road). It should be noted that the everyday corruption demand as a whole decreased from 74.7 % to 53.2 % in 2001-2005, by one third from the initial 2001 level. Military draft was the only exception. The lowest demand was for the registration of pensions for retirement and the recalculation of pensions (17.1 %), and the registration of social benefits and their recalculation (30.6 %) <sup>7</sup>.

We see that secondary and higher education again appear on the list of the corruption markets with the greatest demand, which makes it necessary to pay special attention to those spheres of everyday corruption.

The structure of business corruption can also be described from various points of view. One can speak, for example, about percentages of corruption deals in various branches of power. Here the legislative and judicial branches lag behind, accounting for approximately one tenth of all corruption deals (with the legislative branches taking a certain lead). All other bribes fall under the executive branch. The leading executive agencies are the non-financial control and supervision authorities (fire-safety services, health and safety and epidemiological inspections and others), which are responsible for almost as many corruption deals as all of the other (tax, customs, licensing, law-enforcement) executive agencies achieve combined.

Obviously, when the level of a power body is low, it interacts with small businesses, and the number of such businesses is usually big. The result is natural: the lower is the level of power, the greater is the number of corruption deals for which this level of power is responsible.

## **1.2. The causes of Russian corruption and of its growth**

As mentioned in the previous section, the lack of accountability of and control over the bureaucracy, which has emerged since 2000, explains the rapid growth of corruption in Russia. This has led to the almost absolute impunity of corruption crimes. According to rather conservative estimates of INDEM Foundation, sociological data recorded more than 48,000,000 deals in 2005. At the same time, the number of court sentences in corruption-related cases was only slightly more than 3,600.<sup>8</sup> The predominant share of those sentences involved petty, low-level corruption. Almost two thirds of the sentences were imposed on bribe-payers. Finally, a substantial share of those sentences were suspended, and those sentenced to actual prison terms can often easily receive amnesty and be released.

The impunity of the bureaucracy means that the growth of the average amount of bribes is limited only by citizens' ability and readiness to pay. It is because of this that the growth of the average bribe amount in everyday corruption is not as rapid as the corollary growth business corruption. However, the growth of the average bribe amount is tremendous in the spheres involving risks to life, such as bribes paid to avoid the military draft.

The impunity of the bureaucracy is the most important cause of the present-day Russian corruption and of its growth. Restoration of external control over the bureaucracy is a

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<sup>7</sup> Parity between the corruption risk (that is, the risk of being asked for a bribe) and corruption demand was achieved in the period from 2001 through 2005. Both indicators became highly correlated by 2005, and it can now be said that the everyday corruption market is now more "balanced."

<sup>8</sup> This accounts for approximately 0.0075 % of the total number of recorded corruption deals.

necessary prerequisite to restrict corruption. The current levels of corruption are a result of the changes in the political regime in Russia over the last ten years. This means that the restriction of corruption cannot be achieved without reforming the political regime. However, this does not eliminate the need for multi-faceted work towards restricting corruption, to be described in detail below.

The second most important cause of Russian corruption is rooted in the specific features of the Russian transition. However, additional incentives for the growth of corruption have appeared because of the excesses in the transition process.

The Russian transition, similar to the transition processes in many post-Soviet and Eastern European countries, has been based on the reproduction of formal institutions in the fields of economics, the law, political competition, and the regulation of non-governmental institutions. However, such reproductions, while changing the formal institutions and creating new ones, have not always changed the old informal norms, relations, and practices, in other words, the social environment.

This gap leads to a perversion of the work of the new or reformed institutions by the deeply rooted social environment, and this becomes an additional powerful cause of corruption. A typical example: using the bankruptcy system to illegally capture property.

The potential for the social environment to influence the new, formal institutions is inexhaustible. In our opinion, there is one other important factor. In democratic societies, horizontal relations (competition, cooperation, horizontal trust etc.) prevail over vertical relations (power domination and subordination). The institutions of power and the political system service first of all such relations, and are adjusted to them. The situation is in reverse in non-democratic societies: vertical relations prevail, and the institutions of power and the political system service first of all these vertical relations.

The new, formal institutions, created during the transition with assistance from Western donors, are supposed to concentrate on servicing horizontal relations (for example, in the economy) but traditions, informal norms and practices, and people's consciousness (which is especially important) are still tuned to vertical relations. This gap generates a flow of negative consequences, many of which contribute to the appearance of new kinds of corruption and to corruption growth.

The third cause of corruption and its growth lies in the organization and practices of the state and municipal services in Russia. A partial list of their specific features, that contribute to the complex of causes of corruption, follows:

- lack of transparency;
- lack of accountability;
- impunity;
- orientation not to the Constitution and the law, but to the instructions and orders of a superior official;
- orientation not to citizens but to the abstract "state";
- excessive discretionary powers;
- an unstable and contradictory legal framework;
- excessive regulation and control.

The inefficient structure of the executive branch could also be listed here. It would suffice to mention the cumbersome apparatus of the RF Government, which duplicates the ministries' functions but does not bear responsibility for their performance.

The fourth cause was partially indicated above, and this is historical heritage. Along with the structure of power, the origins of which are rooted in the Stalinist era, the following contributing factors should be noted:

- the patriarchal, paternalistic consciousness of the majority of the population and the bureaucracy;
- the self-reproducing practice of using corruption by the supreme authority, as a means for buying loyalty of the bureaucracy;
- the Soviet tradition of disrespect of private property;
- the heritage of the Soviet judicial system: the incorporation of the judicial branch into the “single punitive vertical,” in legal cases in which the authority has a vested interest;
- inadequately defined property rights inherited from the initial stage of modernization of the 90s.

The fifth cause is weakness of civil society. Civil society institutions grew stronger in the 90s, when the state weakened and shrunk, and filled the niches left empty by the state in retreat. In the 2000s, as the state set out to expand its influence and control, the non-governmental organizations found themselves uncomfortably in the zone of this expansion. Naturally, the state emerged stronger than the still immature civil society groups.

The weakening of the civil society institutions reduces their potential to resist corruption as representatives of the country's citizens who, in the aggregate, bear the greatest burdens of corruption and are interested in its reduction. This weakness has resulted in:

- a low level of mobilization and involvement in vigorous cooperative activities;
- low level of expertise, in particular with regard to resisting corruption;
- weak influence on the authorities, their decisions and practices.

### **1.3. Consequences of corruption and challenges set forth by corruption**

The negative consequences of corruption are well known, including distorted competition, deterioration of the investment climate, growth of a shadow economy, unjust distribution of the public wealth, and reduced political stability, and do not need to be elaborated upon here. Instead, we will focus on the particular consequences and challenges for Russia, as a country with large-scale, endemic corruption. Corruption in such form ceases to be an episodic deviation from moral and legal rules, and transforms into a fundamental structural element of the state power, a standard in relations between the citizens and the state. Practically, each negative consequence in this critically painful condition becomes a challenge. The list of key consequences/problems/—challenges follows.

1. Uncontrollable growth of corruption. As already noted above, corruption is the result of inefficiencies, like deficiencies in government or problems in social relations. Large-scale corruption generates new inefficiencies, and deficiencies and problems generate new varieties of corruption and promote the expansion of the already existing kinds of corruption. Those new kinds of corruption and growth of the older ones create new problems and inefficiencies. Machinery, known as a “positive-feedback generator,” in electrical engineering term, emerges. The result of the machinery's work: simultaneous and interconnected growth, both of corruption and administrative, economic, and social inefficiency.

2. Corruption as a giant institutional trap. This means that the majority in government, as well as in society, view corruption restriction costs as greatly exceeding the costs of corruption itself. It is clear that restriction of corruption will inevitably be accompanied by

increased efficiency of the law-enforcement system and the judicial branch. But this will threaten the shadow fortunes of a great number of government officials, including those in top positions, and this factor stampedes real counteraction to corruption.

3. Habitualization of corruption. According to various sociological data, not less than one half of Russian citizens have been in a corruption situation at least once in their life. Not less than one third of Russian citizens older than 18 years get into a corruption situation at least once in a year, and not less than one half of them pay a bribe in this situation. This refers to everyday corruption, and such practices are even more widespread in business corruption. Thus, corruption is a large-scale, informal practice. In such conditions, the informal practice turns into an informal norm, denounced verbally but accepted by the very fact of its use. Corruption becomes a habitual element of the social order which makes counteraction to it more difficult.

4. Corruption is a threat to national security. This idea was many times expressed both by experts and government representatives over the course of conducting this assessment. It should not be considered an overstatement, because it is supported by numerous facts. Large-scale corruption reigns in all defense and law-enforcement agencies. Here we provide several examples: FSB officials have been caught, in numerous instances, participating in large-scale smuggling. According to information dating back five years, published in mass media and not contested, approximately 80% of the military budget funds, allocated for research and development, were embezzled. Investigation bodies have proven many times that acts of terrorism in the territory of Russia were facilitated by corruption of those whose duty was to prevent them (for example, to impede transportation of terrorists and their cargoes). These are examples of the extent to which the corruption in these agencies results in the inefficiency of these agencies.

5. Corruption is a threat to public safety. This topic is discussed less often (with the exception of the past year, when the problem of police violence against citizens came to the public light). However, certain aspects were recognized publicly. It would be enough to recall that V.V. Putin, when the president, stated in one of his messages to the Federal Assembly: "When a Russian citizen sees a policeman, he crosses over to the other side of the street." But this problem is not limited to the police. There is also a direct correlation between corruption and inefficiency in the control of compliance with standards in various spheres such as construction, fire safety, child care etc. It is no coincidence that there has been a sharp growth in the number of preventable tragedies in recent years, including the collapse of public buildings, fires in public places, death of children in summer camps under supervision of adults, to name just a few. Investigations of such disasters that have resulted in the loss of human life have invariably shown that corruption is always one of the causes of the tragedies.

6. Corruption is the basic cause of "human capital" degradation. Despite the inhumanity of the term, in this case, it quite accurately conveys the essence of the current process. It was noted above that health care and education are among the most well-developed markets of everyday corruption. Corruption in the health care system significantly decreases life expectancy and lowers citizens' health status. Corruption in the education system is also harmful, as it robs the country of the potential for a well educated and trained workforce. Corruption preserves patriarchal paternalistic patterns and relations. In a corrupt system, indifference, cynicism, and conformism grow in society, and mutual trust decreases. The demand for positive public influences disappears, healthy social institutions are not able to thrive, and social mobility and career growth no longer correlate to merit, education and work experience.

7. Corruption corrodes the legal sphere. There is a whole complex of problems in the legal sphere. , In some cases, the law is selectively applied. The YUKOS case is a typical example. Essentially, those in power can selectively grant the right to violate law, and can decide themselves whether the right to violate the law applies to them. As a result, an alternative shadow quasi-legal system emerges, coexisting with the official legal system. The problem lies in the fact that the quasi-legal system perverts and corrodes the official legal system, and this generates new forms of corruption.

All seven of the above-listed challenges interact between each other in various combinations and strengthen each other, accelerating the spiral of corruption and aggravating its negative consequences.

Various kinds of corruption can be evaluated according to two parameters: the gravity of the negative consequences of the corruption and the extent to which it is difficult to resist each kind of corruption. For this report, we sought the input of various experts on both of these parameters with regard to various kinds of corruption (see Attachment 3). The averaged evaluation of each kind of corruption according to both parameters are represented in Figure 4.

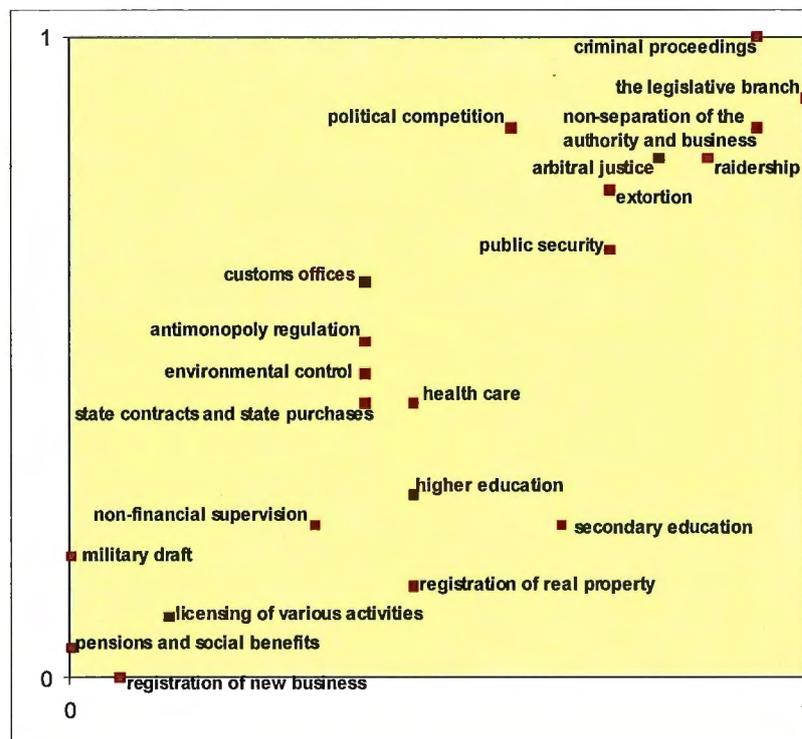


Figure 4. Parameters of various kinds of corruption. The horizontal axis represents negative consequences (the closer to the right, the greater), the vertical axis represents the extent to which the form of corruption is difficult to resist (the higher, the more difficult).

Through our analysis of the input we received from the expert interviews conducted for this assessment, we have sorted the various kinds of corruption into three levels, according to the gravity of its consequences and the difficulty of counteraction.

Highly dangerous:

- the judicial branch;
- the legislative branch;
- non-separation of the governmental authorities and business;

- political competition;
- raidership (illegal seizure of businesses);
- extortion.

Dangerous:

- customs offices;
- anti-monopoly regulation;
- environmental control;
- health care;
- state contracts and state purchases;
- secondary and higher education.

Moderately dangerous:

- non-financial supervision (for example, health and fire inspections);
- registration of real property;
- military draft;
- licensing of various activities;
- pensions and social benefits;
- registration of new business.

Such evaluations of various kinds of corruption should be applied carefully, keeping in mind the limitations mentioned above, especially for a foreign donor planning an anti-corruption strategy. This applies especially to those kinds of corruption that are included in the “highly dangerous” category, as they relate to the nature of the current political regime.

#### **1.4. Factors impeding and promoting counteraction to corruption**

The factors generating corruption and the factors impeding counteraction to it have much in common. Very often, anti-corruption recommendations developed for Russia have one common shortcoming: they are based on a search for the best possible solution. It is presumed that if such a solution can be found, the authority and activist citizens will set to work implementing it.

Objective consideration of the corruption situation in Russia proves that this approach is grossly inadequate. In view of the endemic nature of corruption and in presence of the extremely influential interest groups that profit from corruption, the task is not to look for the best solution, but to find feasible strategies and alternatives that are as close to optimal as possible.

Because of this, the USAID anti-corruption strategy in Russia can be efficient only if it takes into account the specific features of the corruption situation in Russia – those which can be classified as factors impeding or promoting counteraction to corruption. While numerous factors that contribute to corruption in Russia have been described above, only those factors that can and/or must be taken into account when planning the USAID anti-corruption strategy will be described or reformulated below.

Critical factors impeding counteraction to corruption in Russia

1. The endemic character of Russian corruption, which creates a systemic trap for the majority of government officials and (potentially) socially active citizens.
2. Specific features of the political regime, under which the autonomy of the branches and levels of power, of governmental and non-governmental institutions has been destroyed or

greatly undermined. Monopolistic political and administrative power belongs to the bureaucracy which uses this power for personal illegal enrichment and sabotages counteraction to corruption. Political corruption and corruption in high and top echelons of power have become immune to any anti-corruption policy.

3. The degradation and the low level of efficiency of the law-enforcement system, which is presumed to stand on guard against corruption and prosecute criminals.

4. The lack of separation of government and business, uncertainty of property rights and inadequate protection of property by the state.

5. Deeply rooted patriarchal, paternalistic consciousness of the vast majority of the population, and the elitist consciousness of the majority of government officials, which leads to widespread indifference and a passive attitude among the population and cynicism among the officialdom.

6. Underdeveloped rule of law and conformism of the judicial branch in cases in which the executive branch's interests are involved.

7. Absence of a single command center responsible for carrying out anti-corruption policy, hence the dispersion of responsibility, which creates a system in which there is no accountability and responsibility at all.

8. Overall lack of transparency of the authorities, including in the development of anti-corruption policy at the federal level. In addition, little coordination exists between the authorities and the expert community.

9. Low level of professionalism and expertise among government officials whose scope of responsibilities includes the development and implementation of anti-corruption policy.

10. The restriction of the activities and independence of non-governmental actors by the "vertical of power". This includes non-governmental organizations and initiatives, mass media, and business.

Specific factors impeding the counteraction to corruption in Russia by non-governmental organizations:

1. Historically developed misunderstandings, both by the majority of the population and the absolute majority of government officials, of the role of civil society and its potential.

2. Uncertainty and unreliability of the legal status of non-governmental organizations, caused by arbitrary and discretionary application of NGO legislation.

3. Excessive control and unreasonable restrictions on activities of foreign donors, including the expulsion of some. As a result, it is difficult for some non-governmental organizations to raise funds, especially in sensitive spheres, such as anti-corruption.

4. Donors' selecting organizations to implement anti-corruption projects that are not equipped to successfully implement AC projects. Many NGOs apply for and implement these projects simply to obtain additional project funding, even though anti-corruption is not an integral part of their mission, organizational activities and areas of expertise.

5. Lack of transparency in the activities of many NGOs participating in anti-corruption projects, which camouflages the low quality of their work.

6. Low level of professionalism and expertise of many staff of the NGOs that participate in AC projects.

7. Widespread conformism in non-governmental organizations' activities.

#### Factors contributing to counteraction to corruption in Russia

Such factors are extremely important for donors and NGOs to keep in mind when planning anti-corruption strategies and activities. In view of this, the description of each of the factors promoting counteraction to corruption in Russia below is accompanied by concomitant recommendations for strategy development.

1. The Russian authority is not homogeneous with regard to "corruption contamination." However, this diversity is not based on regular patterns: potential partners interested in counteraction to corruption, as a matter of principle or for other reasons, can be found in all levels and all branches of power. As a result, the process of identifying such partners is essentially piece work. However, anti-corruption policy is carried out rather systematically in certain regions and municipal entities. Therefore, strategic anti-corruption work by donors and non-governmental organizations should be guided by constant monitoring of anti-corruption activities of various agencies, regions, and municipalities.

2. While the effectiveness of the anti-corruption effort of the federal authority, which began in 2008, can be debated, the effort establishes a certain symbolic pressure on other power bodies and levels of power. This pressure can help non-governmental organizations to establish their cooperation with government officials to implement joint anti-corruption projects. The anti-corruption legislation, passed in the last three years, the effect of which is also debatable, nonetheless presents another resource of this kind. In addition, the shortcomings of this legislation can be compensated for by its practical application, and this is where non-governmental organizations can exert their influence.

3. An important resource lies in the interest on the part of the Russian authorities in international integration, and in this way there may be an environment that is less tolerant of corruption, especially due to the effect of the economic crisis. This is reflected by the signing of international anti-corruption treaties and conventions by Russia. Activists of non-governmental organizations engaged in anti-corruption projects should know more about those international acts and the potential for their practical application.

4. According to INDEM Foundation studies, decreasing readiness of the citizens to pay bribes corresponds with a greater ability to solve their problems without bribes. The share of respondents who refused to pay bribes in a corruption situation grew from 49.8% to 68.3% in 2001-05. Moreover, the increase of the share of the respondents who have refused to give bribes took place mostly among the respondents with a firm AC attitude. We therefore can conclude that there is a great potential to decrease corruption by providing citizens with alternatives to participating in corruption deals through anti-corruption education programming, including providing citizens with information on alternatives to solve their problems without paying bribes and otherwise participating in corrupt practices.

5. There is a rather favorable climate for the development of anti-corruption initiatives, because public opinion is changing and citizens now recognize corruption as an important problem that needs to be addressed. One of the most recent sociological studies showed that citizens view corruption as the foremost obstacle to modernizing Russia.

6. There is another important resource: activists working with non-governmental organizations, who have participated in anti-corruption projects, have accumulated

experience, skills, and an understanding of the problems - an anti-corruption "tool kit." However, this can be said only about a small number of organizations which systematically participate in anti-corruption activities, so coordinated dissemination of the lessons they have learned and best practices they have identified is very important.

### **1.5. Stakeholder analysis**

The following stakeholder analysis includes an overview of the respective resources of each stakeholder group.

Russia is a society in transition. The old structure of society has been broken down and a new structure continues to evolve. Social interests have undergone the formation stage, and mechanisms of self-organization on the basis of common interests are still developing, and remain relatively nascent at this time. Therefore, rather than only analyzing the existing stakeholders in the already developed structure, we are including below in our list of stakeholders, additional stakeholders who have the potential, with certain prerequisites, to be mobilized to combat corruption

Corruption in Russia has become a routine social practice. Corruption in such conditions spreads more or less uniformly through the social space, both within government and outside it. Those initiatives and groups that pursue anti-corruption activities are more of a marginalized phenomenon than an accepted norm. Consequently, the desire to resist corruption rarely appears as an independent, dominant interest but more often, is a secondary and auxiliary interest. An ambivalent position, hardly motivating for active behavior, is dominant. In a certain sense, this also applies to clearly expressed pro-corruption interests, who are stakeholders to corruption, but have a stake in maintaining the status quo, as they benefit from corruption deals.

All stakeholders are analyzed according to their attitude toward corruption. Interest in full-scale counteraction to corruption, without regard to the origin of such interest, will comprise the positive end of the scale, and interest in maintaining the status quo will comprise the negative end. The following types of resources will be used to describe the various stakeholders:

1. Compulsion resources.
2. Propagandistic resources.
3. Organizational resource.
4. Intellectual resource.

This list includes the resources which could potentially be used either to combat corruption or to undermine such efforts. The resources, and resource utilization of the various stakeholders will be compared. For example, the compulsion resource for political parties takes the form of imposing their will during the law-making process by the means of the overwhelming majority of votes. It should be noted that we can speak about two forms of each resource: the actual resource and potential resource (that can be leveraged) which can sometimes be much greater. We will differentiate these when relevant.

Here we consider several types of stakeholders. The federal power is the first of them, and these stakeholders include:

1. The president's team, which is not the same as the president's Administration, it consists of the people, both in certain official positions and those who act outside of formal government positions, whom the president sees as his loyal adherents. Their interest in

counteraction to corruption is sufficiently great because it allows them to increase their own power.

2. The prime-minister's team consists of the people close to the chairman of the Government, occupying positions in various branches of power and power bodies, and those controlling large companies.

3. The federal legislative branch, as represented by the dominating party, United Russia, is entirely deprived of independence. The party only maintains its status through political corruption.

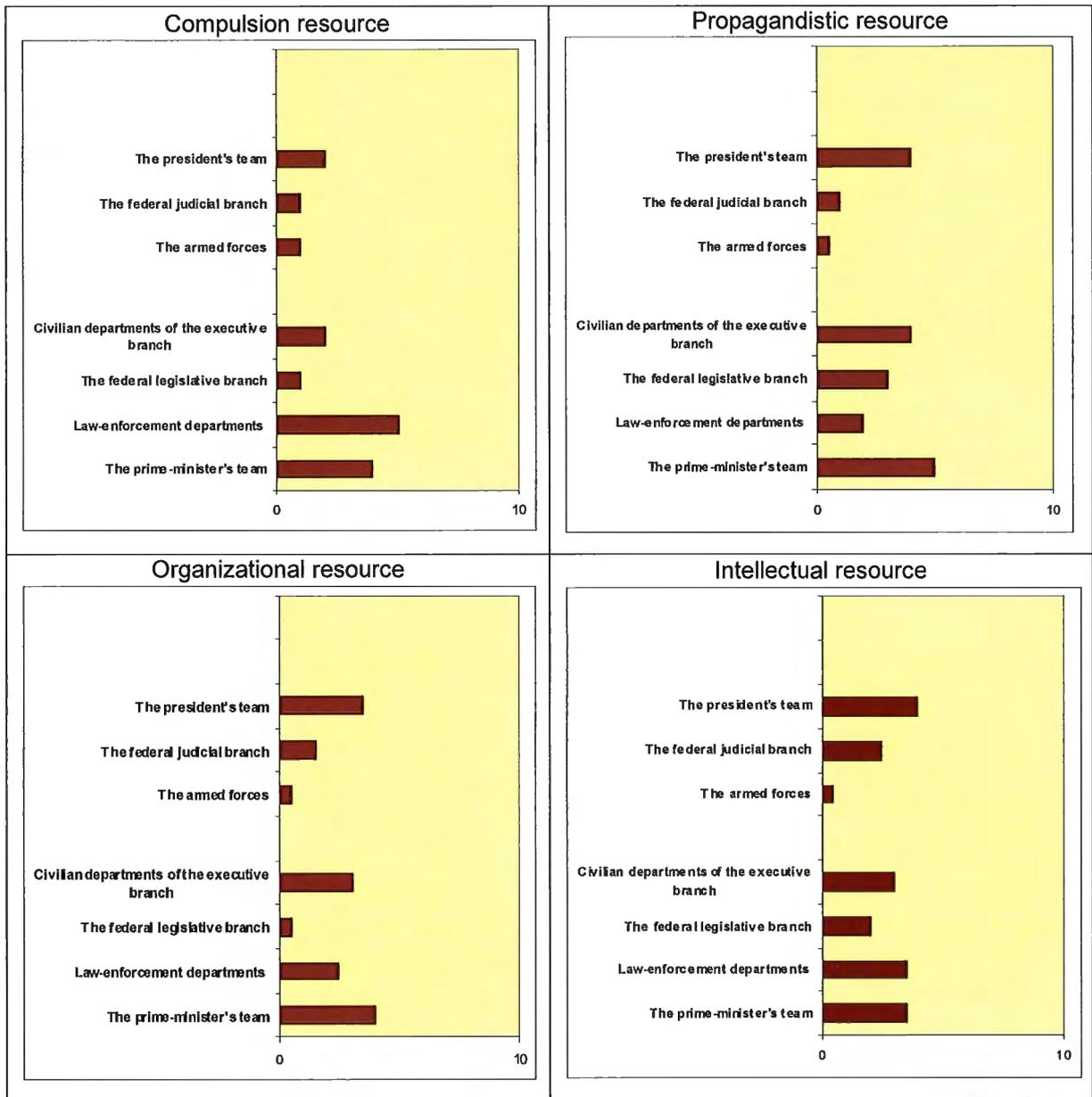
4. The federal judicial branch, like the judicial branch as a whole, is the only branch of power possessing professional and corporate unity, thanks to its recruitment process. It still preserves small remnants of an institution related to the judicial profession.

5. Civilian departments of the executive branch.

6. Law-enforcement departments of the executive branch.

7. The armed forces. As sociological studies show, officers view the regime extremely critically, and this provides the basis for their anti-corruption potential.

The chart in Fig. 5 compares these seven stakeholders on the basis of the four above-listed resources, and their position on the corruption-counteraction scale.



**Figure 5.** This chart represents the resources of the seven stakeholders in the federal power structure. The top end of the vertical axis corresponds to the interest in anti-corruption activities, and the low end corresponds to the interest in maintaining the status quo. The horizontal axis shows the respective resources of each stakeholder group.

Fig. 5 shows that the aggregate resources of the stakeholders who are interested in maintaining the status quo exceeds the aggregate resources of the stakeholders interested in resisting and limiting corruption.

Similar charts for additional stakeholders, including the four parliamentary parties and anti-regime opposition groups that might develop as a potential political force, are represented in the figure below.

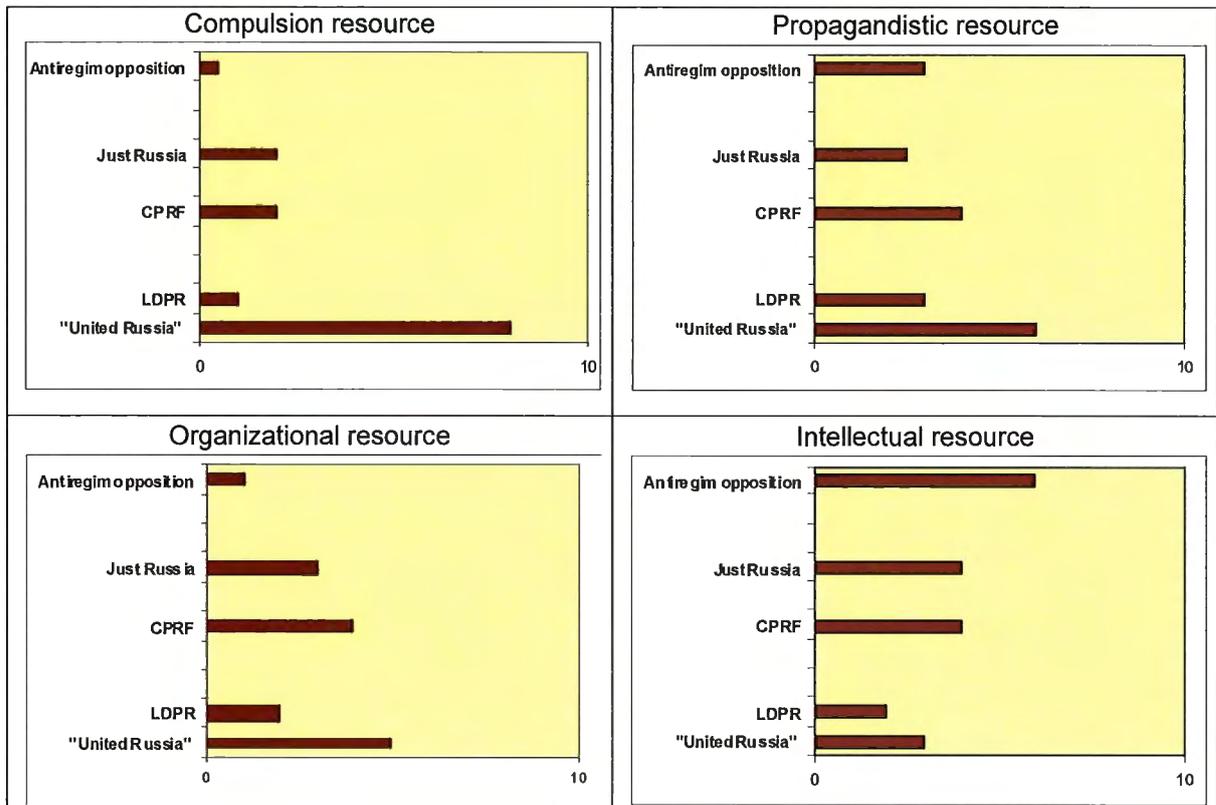


Figure 6. This chart compares the resources of the five political stakeholder groups. The top end of the vertical axis corresponds to the interest in anti-corruption efforts, and the low end corresponds to the interest in maintaining the status quo. The horizontal axis shows the respective resources

Here we see the same pattern again: the stakeholders interested in maintaining the status quo have the most potential. The opposition's intellectual resources is the only exception, and it has many times over demonstrated its potential to pursue anti-corruption initiatives through its criticism of the authorities.

A stakeholder analysis is difficult to conduct at the level of the regions and municipalities, in view of the enormous differences in the parameters of the various cities and regions, both objective parameters and parameters describing the administrations' policies.

Let us now turn to non-governmental stakeholders and consider the following list (their abbreviated designations are given in brackets):

1. Associations of large business (ALB).
2. Associations of small business (ASB).
3. Independent mass media (IMM).
4. Trade unions (TU).
5. Non-governmental think tanks (TT).
6. Middle class associations for defense of common interests (MCA).
7. Human rights and environmental organizations (HEO).

It can be said about all of the organizations in the list above that their interest in resisting corruption lies somewhere within the short interval between the ambivalent and anti-corruption positions. As to the compulsion resources of such stakeholders, it is either rather small or uncertain. Finally, the organizational resources of these stakeholders can fluctuate widely, because it depends not so much on the type of group as it does on the individual features of the particular organizations. The propagandistic and intellectual resources are

more or less available for them. The chart below represents the location of these stakeholders on a plane formed by the scales corresponding to these resources.

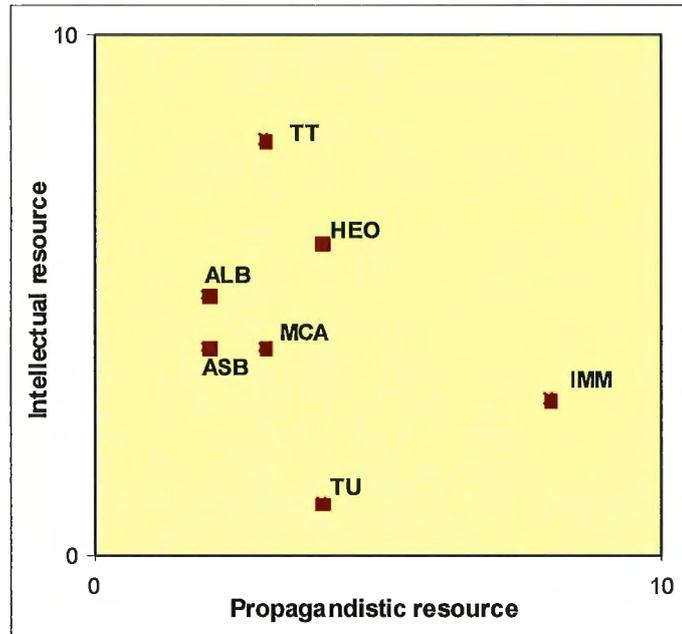


Figure 7. The chart of propagandistic (the horizontal axis) and intellectual (the vertical axis) resources of the seven stakeholders representing the non-governmental sector

The analysis above shows that non-governmental organizations can match their resources (organizational, propagandistic, and intellectual) against the compulsion resources and propagandistic resources of the government stakeholders interested in maintaining the status quo. However, it is possible only on two conditions: first, they must consolidate their resources; and second, they need to attempt to cooperate with representatives of government stakeholders who are interested in resisting corruption, regardless of their motivations.

## 2. Anticorruption activities in Russia



## 2.1. The legal environment for anti-corruption activities in Russia

The most specific feature of corruption in Russia is that, according to public opinion polls, the cause of corruption is the generally accepted tradition and culture of public administration. Russian society demonstrates a quite tolerant attitude towards the abuse of official positions – it is a sort of normal. Unfortunately, many people prefer to solve their problems with the help of corruption, since they assume that corruption is the quickest, most comfortable and efficient way of dealing with the authorities.

The necessity of anti-corruption (further referred to as AC) activities was reflected in such acts as the Concept of the RF National Security of 1997 (stating that the threat of criminalization of social relations in the course of social, political and economic reforms in Russia, and serious errors made at the initial stage of reforms, considerably contributed to the increase of corruption in Russia); the Strategy of the RF National Security until 2020 of 2009 (where development of the AC legal environment is mentioned as one of the priority goals); and the Concept of Administrative Reform in the RF in 2006-2010 (defines corruption as a result of abuse of administrative power and an impediment to the administrative reform).

**The presidential decree No. 815 of May 19, 2008, “On the Measures on Counteraction to Corruption,”** ordered the creation of a Council under the RF president, assigned the task of developing proposals for the president, coordinating the activities of federal and regional executive bodies responsible for the realization of the state AC policy, and controlling the realization of measures envisaged by the national AC plan. Despite the promising title of this decree, it is, to a considerable extent, declarative - no specific measures are set forth, and the decree is devoted only to the competence and activities of the Council.

Strategic AC issues have been specified in the **National Plan of Counteraction to Corruption (NPCC) of July 31, 2008**, which stated that legal and organizational grounds for AC activities in Russia had been formed in general and were already functioning. Besides the legislative AC basis, the NPCC offered the following measures for preventing corruption:

- setting forth special requirements for judge nominees and candidates for public service positions (*developing and actually implementing and enforcing such requirements in Russia will require that a lot of the specifics be worked out*);
- establishing public and parliamentary controls over compliance with the AC legislation (*which will almost unavoidably result in the adoption of non-enforceable laws*);
- improvement of AC expertise of regulatory legal acts (*this provision is efficiently enforced*);
- obliging state and municipal officials to make public information about cases of corruption or other similar offenses which became known to them in the course of executing their official duties (*this is truly a naïve expectation, due to the stable practice of covering each other's backs*).

The main targets of the governmental AC policy envisaged in the NPCC are improving the system and structure of state authorities and their competence levels (*but this does not make sense as an AC strategy per se*), developing measures for improving state and municipal services, motivating good and professional practices in the execution of official duties of state and municipal officials (*here we see a considerable potential for AC work, especially with due regard to positive foreign experiences*), introduction of AC standards, i.e. establishing a unified system of prohibitions, limitations, obligations and permissions aimed

at preventing corruption (*this target is very important*), providing fair and equal access to recourse and justice and decreasing the time for consideration of cases in courts (*this goal was one of the focal points of judicial reform efforts since 1991, and the results are still far from perfect*), and developing procedures for pre-trial and extrajudicial settlement of disputes between citizens, and between citizens and the authorities (*these institutions are relatively new for Russia, so currently it is not possible to evaluate their efficacy*).

As for measures for improving the operation of the state apparatus, some of them (like the **creation of the system of control** over activities of state and municipal officials by civil society institutions, the “right sizing” of government by decreasing the excessive number of state and municipal employees, the development of an optimal system of interaction of civil society institutions and mass media with the authorities, which would exclude the possibility of illegitimate interference with and by the work of government officials and conflicts of interest) are promising, but the level of enforcement of these provisions is insufficient.

The activities of commissions charged with addressing conflicts of interests and taking measures to prevent conflicts of interest are sometimes mis-directed, inhibiting legitimate activities of government officials (for example, teaching). The goal of, “guaranteeing the realization of government officials' obligation to inform about the cases of corruption or similar offenses they have become aware of in connection with the execution of their official duties” is not enforceable, especially because no specific measures for doing so are prescribed in the document. With regard to requiring public officials to disclose financial data and verifying the information they provide on income, property and estate liabilities, and conducting official investigations of cases of corruption - the present system is not sufficient and significant reform is needed.

There are numerous proposals for reforms intended to increase the level of professionalism of lawyers, including:

- increase the quality of educational programs for lawyers, including increasing and improving the practical/clinical training (*there is a high level of support for this*);
- improve the system of training and upgrade the qualifications for those who teach law (*while this makes sense, it should be noted that it might be difficult to upgrade the qualifications of those who are already teaching law*);
- teaching law-enforcement officials to respect law (*we have not yet identified practical strategies for doing so, and need to do additional research to assess the feasibility of this recommendation*);
- increase the AC content in the curricula for subjects related to law and moral and ethical aspects of management (*we are not very optimistic regarding the potential for this strategy*);
- require that federal judges, when nominated for their positions for the first time, receive professional training (*while this seems promising, the details of what the training will include and who will be responsible for ensuring the quality of the training would need to be worked out.*)

While the NPCC proposes to combat corruption by upgrading the quality of legal education, most of the provisions in the document are purely declarative in nature, and it is not at all clear that such an approach is an efficient AC strategy.

**The Federal Law No. 273** was designed as the first measure to organize and unify all AC activities and to integrate the administrative and judicial reforms that are currently being conducted in Russia. The reality is that administrative reforms have had almost no success and the judicial reforms, despite certain achievements, are becoming a counter-reform (in

this context the definition “counter-reform” means any activity (activities) undertaken within the framework of the reform, provided that such changes bring up negative and not positive changes)

This law has introduced a set of AC measures and has provided key definitions in this area. It has defined corruption as a social and legal phenomenon and the counter-action to corruption as a specific type of government activity. Being a framework act, the law contains a set of reference rules and declarative norms. This law has helped to bridge a serious gap in Russian legislation: the counter-action to corruption has received normative regulation for the first time in Russia.

There are various types of innovations in this law, including:

- **AC correction of legal status:** (changes in legal status purporting minimization of conditions for corruption) of judges, members of both chambers of the RF Federal Assembly, officials performing specific public functions (i.e., officials of the Bank of Russia, the Accounting Chamber of the Russian Federation, members of electoral commissions), law-enforcement officials (including police, customs service, the RF Prosecutor General's Office, the RF Federal Security Service, military service members etc).
- **Amendments:** to certain provisions of the RF Civil Code (prohibiting gifts to officials), the RF Criminal Code (increase of severity of punishment for a number of corruption offenses), the RF Criminal Procedural Code (simplifying the procedure of bringing criminal charges against a number of high-ranking officials), the RF Code of Administrative Offenses (introducing two new corruption-related administrative offenses), bringing national legislation on state and municipal service into accordance with the Federal Law “On the Counteraction to Corruption.”

Defects of this law:

- Certain types of corruption are not covered by the definition of corruption.
- Certain actions, which are considered corruption worldwide, such as corruption in lobbying, such as providing financial resources for elections or committing corrupt acts abroad, are not criminal offenses in Russia.
- The language, “contrary to the legitimate interests of the state and society,” makes the legislative definition of corruption too narrow, because activities resulting in corruption may in fact be performed under a formal agreement with the authorities and in accordance with the interests of the state and society.

Since 2009, AC expertise has been the focal point of AC strategy of the RF Government. The RF Government regulations No. 195 of March 5, 2009, “**On Approval of the Rules for Conducting Expertise of Draft Regulatory Legal Acts and Other Documents in Order to Identify Provisions Contributing to Creation of Conditions for Corruption,**” introduces only two types of AC expertise – that conducted by the RF Ministry of Justice and independent expertise, provided that such independent experts (legal entities and individuals) shall be accredited by the RF Ministry of Justice. Here we face an important question: is there any public oversight and monitoring being evaluation conducted, for example, by the Public Chamber, or some other independent body, and if so, shall that body be accredited by the RF Ministry of Justice?

**The Federal Law No. 172-FZ of July 17, 2009, “On Anticorruption Expertise of Regulatory Legal Acts and Draft Regulatory Legal Acts,”** provides the legislative and organizational basis for AC expertise, offering definitions of corruption factors and general principles of organization of such expertise. Those considered potential AC experts now

include the RF Prosecutor's Office and other agencies and their officials, that have expertise and AC methodology subject to approval by the RF Government. Prosecutors perform expertise of regulatory legal acts of agencies, organizations and their officials that regulate human and civil rights, freedoms and obligations; state and municipal property; a wide area of legislative acts (including, but not limited to, budget, tax, customs, environmental and other legislation) related to state and municipal services; and social guarantees to present and former employees of state and municipal offices. The RF Ministry of Justice is responsible for AC oversight of draft federal laws, draft presidential decrees, draft regulations of the RF Government, draft concepts and ToR for development of draft federal laws, various regulatory legal acts of federal executive bodies and regional regulatory legal acts. Agencies, organizations and their officials monitor AC work related to regulatory legal acts (or draft acts) passed by these agencies or organizations in the course of their legal monitoring and enforcement. Civil society institutions and citizens may conduct independent AC activities related to regulatory legal acts (or draft acts) on their own account, and develop legislative and policy recommendations as a result of their experience.

**Order of the General Prosecutor's Office No. 400 of December 28, 2009** “**On the Organization of Conducting Anti-Corruption Expertise** requires that prosecutors take a very active role in addressing corruption. Prosecutors are vested with a substantial power – they can bring up prosecutors' demands or apply to courts through petitions to invalidate normative legal acts that contradict federal legislation and allow for corruption. The petitions can seek amendments to the regulatory legal acts that will help combat, and ideally, eliminate the corrupt behaviors allowed under the previous version of the regulatory act.

**The RF Government regulation No. 96 of February 26, 2010** repealed the RF Government Regulations No. 195 and No. 196 of March 5, 2009, and, in accordance with the Federal Law No. 172-FZ of July 17, 2009, “**On Anti-corruption Monitoring of Regulatory Legal Acts and Draft Regulatory Legal Acts,**” approves the rules for AC monitoring of regulatory legal acts and draft regulatory legal acts, and methodology of AC monitoring of regulatory legal acts and draft regulatory legal acts. These rules establish the proper order of AC monitoring of regulatory legal acts and their drafts by the RF Ministry of Justice and independent AC monitors. Independent AC monitoring shall be performed by independent legal entities and individuals accredited by the RF Ministry of Justice in accordance with the methodology approved by the said RF Government regulations. The results of independent monitoring should be summarized in a format approved by the RF Ministry of Justice. The RF General Prosecutor's Office, federal executive bodies, agencies, organizations and their officials will use approved methodologies to conduct AC monitoring of regulatory legal acts and their drafts in order to address and subsequently eliminate corruption. Accredited independent experts shall be also guided by this Methodology in the course of conducting independent AC work.

The RF Government regulations puts forth methods for addressing corruption by law-enforcement and by individuals and legal entities. two methods for addressing corruption. For law enforcement, the regulations establishes excessively wide discretionary power; allows exceptions to generally applied rules and selective changes to the scope of rights; excessive freedom of secondary legislation, adoption of regulatory legal acts beyond the competence of the authority in question, fills legislative gaps with secondary legislation without due legislative delegation of appropriate powers, insufficient administrative procedures; envisaging of administrative order of providing of rights (benefits).

For individuals and legal entities, the regulations contain requirements that are uncertain, hard to execute, or burdensome for the individuals and legal entities. There are excessive requirements for legal entities and individuals, which must be met in order to seek recourse against or prevent corruption, including corruption being performed by the state authorities or officials of local government bodies. Ambiguous definitions, legal language, and categories in the regulation make it extremely difficult for individuals and legal entities to use the regulations to protect themselves from corruption.

- The Decree of the RF President of April 14, 2010, No 460 approves the National Strategy for Counteracting Corruption and the new version of the National plan for Counteracting Corruption for 2010-2011. The National Strategy for Counteracting Corruption is a constantly improving system of organizational, economic, legal, information and personnel measures designed with due regard to the federal structure of Russia, which seeks to eliminate the causes of corruption. The National Strategy is a policy document. Important elements of the Strategy include the following: The creation of appropriate legislative and organizational grounds for counteracting corruption.
- The enforcement of legislative acts and managerial solutions in the AC area. This includes creating conditions that will impede corruption.
- Guaranteeing compliance with the norms of AC behavior, including enforcing compulsory measures in accordance with the RF legislation in force, when necessary.

One of the main AC tasks is the transformation of the public consciousness, creating an atmosphere of strict rejection of corruption in Russia. This task shall be solved mainly through changes in the legal system, but also through cultural changes, as well as through changes in the management of public sector agencies. It is especially critical to guarantee the transparency of procedures for providing governmental services, for example.

The National Plan for Counteracting Corruption for 2010-2011 is the instrument created to realize the National Strategy for Counteracting Corruption. It contains a list of AC measures and details the forms, means and terms of realization of such measures and sets forth the parameters of the expected results.

The current stage of realization of the state AC policy targets the organization of enforcement of the Federal Law "On Counteraction Corruption." The National Plan for Counteracting Corruption for 2010-2011 includes a number of organizational measures that target:

- The development of an appropriate regulative legal basis;
- The organization of work on prevention of corruption in the federal bodies of executive power;
- Improvement of AC activities;
- Sociological studies of the level of corruption and the effectiveness of AC measures;
- Training of federal public servants who ex officio take part in AC activities.

#### Russian AC legislation in force

- The Federal Law, "On Counteraction to Corruption," and respective laws of the subjects of the RF (thus, the Russian AC legislation has two levels, federal and regional, and certain regional laws were adopted before the federal one).
- The Federal Law No. 172-FZ of July 17, 2009, "On Anticorruption Monitoring of Regulatory Legal Acts and Draft Regulatory Legal Acts."

- A number of regulatory acts apply to state and municipal services, for example, the Federal Law No. 58-FZ of May 27, 2003, "On the System of Civil Service of the Russian Federation," the Federal Law No. 79-FZ of July 27, 2004, "On State Civil Service of the Russian Federation," and the Federal Law No. 25-FZ of March 2, 2007, "On Municipal Service in the Russian Federation."
- Legislation prescribing criminal or other responsibility for corruption offenses: the RF Criminal Code of 1996, the RF Code of Administrative Offenses of 2001, and the Federal Law No. 115-FZ of 2001, "On Counteraction of Laundering of Illegally Obtained Incomes."
- Order of General Prosecutor's Office No. 400 of December 28, 2009, "On Organization of Conducting AC Monitoring of Regulatory Legal Acts."
- RF Government regulations No. 96 of February 26, 2010.
- Certain provisions of other RF laws (the Federal Law of July 26, 2006, "On the Protection of Competition," the RF Civil Code, and others).
- The Decree of the RF President of April 14, 2010, No 460.

### Problems

- Serious gaps in legislation (such as the absence of a unified code for civil servants that establishes ethical and conflict of interest standards).
- The regulatory acts in force constitute the basis for excessive administrative discretion and thus create conditions conducive for corruption.
- Too much attention is paid to legislative changes which may be a cultural norm, and part of the Russian legal consciousness.
- A considerable number of the proposed measures are solely declarative in nature.

The bulk of AC efforts focus on corruption monitoring. However, more and more draft laws are being proposed, and some of them have provided practical measures for actually addressing, fighting and preventing corruption. For example, a new draft law was submitted to the State Duma on July 14, 2010. The draft makes it obligatory for government officials to submit information about the income and property of a wide circle of relatives, including grandparents, etc. Another legislative initiative would introduce fines for people convicted of corruption that would be proportionate to the size of the bribes they had taken.

## **2.2. Analysis of the results of the anti-corruption efforts of the Russian authority**

While preparing this report, the President of Russia, Dmitry Medvedev, declared, on July 14, 2010, at a session of the Council of Legislators devoted to addressing corruption in Russia: "it is apparent that nobody is pleased with the situation around combating corruption...the problem is that, up to now, I cannot mention any significant successes in this direction."<sup>9</sup> This admission should be recognized as nothing less than discouraging and decisive, in view of the fact that the President was criticizing his own initiative to combat corruption.

Such self-criticism may be entirely just, but certain positive results of Medvedev's launch of a new anti-corruption policy in Russia should be also noted. They are as follows:

1. Corruption was for the first time designated by the supreme Russian authority as the top priority of its policy. Guidelines for implementing this policy are made intermittently, attracting public attention to the issue. (Even when Medvedev admits

<sup>9</sup> <http://news.kremlin.ru/transcripts/8343>

that his anti-corruption initiative has failed, he is publically discussing the issue and paying attention to the problem.)

2. For the first time, specific government officials were named whom representatives of non-governmental organizations, desiring to cooperate in the anticorruption field, could address.
3. In general, the Russian supreme authority selected a Western-like strategy of counteracting corruption; this has been confirmed by international treaties signed by Russia.
4. Certain results have been achieved within the administrative reform with regard to preventing corruption. This has restrained the growth of corruption. This is remarkable in view of the existing political limitations. Examples include more orderly procedures for oversight and supervision of state purchases/procurement and state contracts.
5. Anti-corruption monitoring of draft laws has become common practice.
6. High- and top-level government officials are now required to disclose their incomes annually.
7. Conditions favorable to anti-corruption activities of non-governmental organizations have been created, though not necessarily intentionally, in the country.

The Russian President's displeasure is well understood when these results are viewed, point by point, in the context of their implementation.

1. As of now, the priority placed on anti-corruption in Russian politics is limited, and in particular, political corruption is generally ignored.
2. There is no system of distribution of powers and responsibilities to implement the anticorruption policy.
3. International anti-corruption treaties are not fulfilled.
4. The anti-corruption steps undertaken in the framework of the administrative reform quite often have only a limited and temporary effect.
5. Anti-corruption monitoring is not supported by legal provisions that strictly stipulate requirements for responding to corruption identified by monitors. The very idea of perfecting the laws is offset in Russia by the seemingly voluntary and selective practice of their application.<sup>10</sup>
6. The declaration of incomes is not accompanied by an analysis of government officials' expenditures. There are practically no public and official mechanisms for responding to the obviously compromising results of the incomes declaration.
7. Civil society institutions have up till now, been extremely passive and have not taken advantage of the emerging conditions favorable to conducting anti-corruption activities.

However, implementation of anti-corruption policy in Russia faces more serious problems and contains more serious omissions, all of which can be divided into two types: methods and contents of the anti-corruption policy. Many of them correspond to the limitations on the implementation of anti-corruption policy, listed in Section 1. Before starting our analysis of these two types of problems, we will dwell on one cardinal problem which lies beyond this classification.

Practically all independent experts, when expressing their opinion on combating corruption, argue that a successful anti-corruption policy is possible only after serious changes are made

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<sup>10</sup> It can be supposed that right because of this the anticorruption expertise is so popular among the Russian government officials, while activities of any scale in this field can produce an absolute-zero result.

to the present political regime along the lines of democratization; this should include the restoration of mechanisms of external control over the bureaucracy (see subsection 1.4). However, this frequently repeated criticism does not attract any attention.

#### Problems related to methods (strategy) of anti-corruption policy

1. Non-transparency of the anti-corruption policy. Additional discussion and analysis of the current problems is needed. The policy must be further ; developed to include specific measures and regulatory basis to aid in implementation of the policy.
2. Anti-corruption acts, issued by the authorities, are anonymous and this fact leads to the development of regulatory acts that are not well drafted, both conceptually and with regard to legal technique.
3. Because of lack of transparency in anti-corruption policy, the professional level of the produced directives is extremely low.
4. The strategic acts in the field of anti-corruption, issued on behalf of the President, suffer from a non-systemic approach, fragmentary form, and a seemingly random selection of proposed measures.<sup>11</sup>
5. There are no efforts to form a wide anti-corruption coalition that encourage active public participation.
6. There is no in-depth, comprehensive analysis of the corruption situation in Russia, on which anti-corruption policy for Russia should be based.
7. There are no clearly formulated operational and measurable policy goals, and as a consequence, there are neither indicators of successful policy implementation, nor is there consistent monitoring of the corruption situation.<sup>12</sup>
8. There are no formal and consistent operating mechanisms (including independent ones) to audit anti-corruption policy implementation.
9. The already accumulated positive experience at the regional and municipal levels has not been adequately studied to reap the benefits of this experience, and foreign experience is used selectively and uncritically.
10. International cooperation still has a declarative character, and exists more in theory than in practice at this point. This refers, in particular, to the work of the bilateral American-Russian commission established by presidents Obama and Medvedev.

The challenges to effectively implementing anticorruption strategies have one common cause: the object and subject of anti-corruption policy are one and the same. The ruling corrupted bureaucracy applies this policy to itself, being not in the slightest degree interested in its efficacy. The above-listed problems (and the list is incomplete) faced by the anti-corruption policy in Russia, seriously impede the efforts to implement practical anti-corruption measures. In to problems related to the methodology for implementing AC strategies, there are numerous problems related to the AC policy itself, which are listed and discussed below..

#### Problems and omissions in the anti-corruption policy

1. Prosecution for corruption is applied selectively and corruption in the top echelon is entirely immune from it. Corruption scandals, in which more or less high-ranking government officials are involved, are the result not of anti-corruption policy implementation but of internecine feuds.

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<sup>11</sup> A bright example: the National Plan of Counteraction to Corruption appeared in May 2008, and the more general document, the National Strategy of Counteraction to Corruption, was made public on April 14, 2010.

<sup>12</sup> However, it should be noted here that the National Strategy of Counteraction to Corruption includes short references to corruption monitoring. According to the available information, the first such monitoring shall be conducted in the Fall of 2010. Undoubtedly, this is a leap forward.

2. The anti-corruption plans announced by the RF President do not require the establishment of an independent power body (agency or committee) responsible for anti-corruption policy, although this is stipulated by international treaties to which Russia is a party.
3. Nothing is done to stop corrupt practices in public service appointments.<sup>13</sup> This problem is not mentioned in any anti-corruption document.
4. The political corruption is similarly excluded from the agenda. This topic is strictly taboo in both practice and in the rhetoric of government officials of all levels.
5. Corruption at the municipal level still has not attracted serious attention.
6. Measures, which could have provided society with tools of address corruption are not in consideration.<sup>14</sup>

The two plans published on behalf of President Medvedev, are unconvincingly organized and rely on weak and fragmented legislation.

It should also be noted that the punitive practices of the authority toward donors and non-governmental organizations have led to a sharp decrease of non-governmental organizations' anti-corruption activities in the last three years. Naturally, this obviously contradicts all declarations of the authority about public participation in anti-corruption initiatives.

Better implementation of anti-corruption policy in Russia should first of all address these above mentioned problems. There are two necessary prerequisites for a radical breakthrough from this depressing diagnosis. These have even been declared by president Medvedev. The first condition is serious democratization of the political regime. The second condition is transparency of anti-corruption policy development and implementation as well as measures to improve implementation methods. It is important to emphasize that all of the experts representing both government and civil society interviewed for this report, practically without exception, agreed about the importance of educating citizens, government officials and activists of non-governmental organizations about how to tackle the problem of corruption.

### **2.3. Description of anti-corruption activities of non-governmental organizations**

Anti-corruption activities of non-governmental organizations began in the late 1990s. The publication, in early 1998, of the report *Russia and Corruption: Who Will Win?* by INDEM Foundation<sup>15</sup> became probably the first landmark event in this field. The report was significant in part because it was the first time that corruption was treated as a social, instead of as a criminal problem. The report stressed the necessity of anti-corruption measures aimed at eliminating the causes of corruption. The idea of monitoring anti-corruption legislation was proposed for the first time. All this opened the way for activities of non-governmental organizations. Financing of anti-corruption projects by foreign donors began in 1999-2001.

Several types of non-governmental organizations, implementing anti-corruption projects, emerged in 1999-2005. These included:

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<sup>13</sup> Presidential candidate D. Medvedev spoke during his campaign about the vicious practice of selling minister positions. However, this matter was forgotten after his election.

<sup>14</sup> The introduction of the ability to file suits in court that are in the public interest is one example. This ability now exists, but only for a very narrow circle of cases, for example, in the defense of consumers' interests.

<sup>15</sup> Preparation of the report was financed by another Russian non-governmental organization, the Council for Foreign and Defense Policy. It was published on behalf of both organizations.

1. Specialized anti-corruption organizations: TI–Russia, the National Anticorruption Committee.
2. Organizations for which anti-corruption projects were a constant and important element of their activities: INDEM Foundation, the Center for Strategic Research, Center Strategybased in St. Petersburg.
3. Organizations for which anti-corruption methods were a normal means for solution of other problems: the Russian branch of the Center for International Private Enterprise (CIPE), OPORA of Russia and other business associations.
4. Organizations for which implementation of anti-corruption projects was an episode in their survival or just a tribute to fashion.
5. Organizations artificially created by the authorities in order to address its own interests. These organizations began to appear in 2004-05.

The organizations of the first three types were the most effective. A consistent and long-term focus on anti-corruption activities lead to increased professionalism and international contacts. The organizations of the fourth type comprised the majority, but, regrettably, their activities, with rare exceptions, have not brought about any effect. The activities of organizations of the fifth type are not touched upon here because they have practically not interacted with foreign donors.

The main results of the non-governmental organizations' work are as follows:

- pressure from these organizations prodded the authority to recognize corruption as one of the country's key problems and contributed to the selection of a “Western” model of counteracting corruption;
- the social marketing and educational work of these organizations has altered the public understanding of corruption in society and government;
- non-governmental organizations paved the way to international cooperation in the anti-corruption field;
- various anti-corruption tools were developed and partially introduced into the authority's practices;
- new experts in the field of anti-corruption were trained.

Shortcomings in the anti-corruption activities of non-governmental organizations include:

- lack of transparency within and networking and collaboration among organizations;
- weak coordination of work and dispersion of information on lessons learned and best practices for replication;
- absence of developed and influential networks of anti-corruption organizations;
- for the organizations of the fourth type, absence of strategies and long-term programs, and emphasis on short-term programs designed around spectacular PR events;
- business associations are more concentrated on prevention of damage to individual companies and are less inclined to solve the tasks aimed at the systemic defense of group interests.

Another problem which surfaced in 2004 should be mentioned separately. At that time, certain leaders of the anti-corruption movement in civil society were looking for an opportunity to promote their ideas before joining the political opposition. As a result, time was lost and certain opportunities for inclusive influence on the authority were missed. At the same time, this problem had a positive side effect: the anti-corruption messages from the political opposition camp sped up the recognition of corruption as a problem by the

authorities, in particular, because of the usual practice of the authorities appropriating the slogans and ideas of the opposition.

The improvement of anti-corruption work of non-governmental organizations should be pursued along the following directions (along with the elimination of the shortcomings enumerated above):

- more actively introduce their ideas and methods to the authorities, to teach the authorities;
- share information and resources among the anti-corruption non-governmental organizations; and use division of labor when necessary to make the most of the limited resources available to these groups through increased collaboration;
- more intensively train new professional staff so that they are better prepared to implement anti-corruption projects;
- conduct social marketing campaigns and other educational campaigns that seek to engage citizens in the anti-corruption movement and to provide them with the tools they need to address corruption in the daily lives.

The authorities began an attack on non-governmental organizations and donors in 2005. Financing of anti-corruption projects, as one of the most sensitive spots of the authority, has suffered significantly. The anti-corruption activities have decreased almost to the level of the year 2000. However, now that the authorities have announced new anti-corruption initiatives, the situation is favorable to rejuvenate the non-governmental anti-corruption activities. Interaction with power bodies is an important direction for AC non-governmental organizations. As noted above, the problem lies in the fact that the entry points (persons) for interaction with the authorities must be selected on a piecemeal basis, making adjustments for regional, professional, cultural and other specifics. Non-governmental organizations, in their interaction with the authorities, should not overstate their achievements and should try to work so that any success is seen by the authorities as the result of their own efforts. It is also important to maintain a balance between criticism and partnership. International cooperation and education, including the publication of books and the preparation of anti-corruption hand books and “how to” guides and so on, are among the most important directions of activities in this field.

#### **2.4. Analysis of the anti-corruption activities of donors**

The progress of the anti-corruption activities of the non-governmental sector in the end of the 90s and early 2000s would not have been possible without aid of foreign donors. Financial support of the anti-corruption activities of civil society in Russia was traditionally provided along three main directions (these are listed in the order of decreasing importance).

1. Activities of various donors/grant providers supporting anti-corruption projects in Russia. The donors may be both foreign and Russian, although the ratio has been usually in favor of foreign donors, and with great edge. Their activities are for the most part concentrated on the development and attraction of civil society institutions to counteract corruption. The main emphasis in these activities has been consciously shifted to the implementation of practical projects.
2. Activities of state power bodies. Anti-corruption undertakings are prescribed both by federal programs of the administrative reform and the RF state service reform, and by many regional programs of state government and state service reform. Such activities at the municipal level are insignificant, especially from the financial point of view. The main anti-corruption activities are in the form of state contracts for

research on anti-corruption problems. The work is conducted by research and non-governmental organizations.

3. Activities of businessmen to address corruption or in adjacent spheres. Businesses did give donations for anti-corruption projects of independent organizations in the early 2000s. Now such activities of businesses are concentrated in specialized professional organizations, depending on the size of the respective businesses. Some of these include: the Russian Union of Industrialists and Entrepreneurs (RSPP), OPORA of Russia, chambers of trade and industry (CTIs) and other business associations.

Support from donor organizations is critical to develop a public anti-corruption movement. A state-supported contract would not allow for a civil society campaign that is truly controlled by society. Businesses can not fill the financial gap as they have reduced their financial participation, due to the economic crisis and accumulating internal problems.

For the purposes of the present analysis, it is also necessary to more accurately define the target areas for anti-corruption projects. It seems useful to select the following basic groups and accompanying subgroups for potential projects.

1. Direct anti-corruption projects implementing institutionalized, concerted counteraction to corruption in any sphere.
  - a. Research projects regarding corruption. Financing along all two directions is available but certain subtleties should be kept in mind. Grant providers have recently preferred not to finance purely research projects because of their low practical applicability. State contracts for anti-corruption research are available in the regions which practice a complex approach to counteracting corruption, but they are not widespread because of the high additional costs. Businesses in some cases can also order such studies. Research reasoning is still necessary for large projects and is an indicator of a serious approach to the project.
  - b. Preparation of anti-corruption programs, strategies, specialized anti-corruption toolkits, and their testing. This is a large class of anti-corruption projects, which are clearly divided into three sub-classes, depending on the typical customer.
    - i. Government bodies: the state contract is the main source of financing; in the majority of cases such projects do not presume participation of the project developer in the introduction stage which reduces the project's potential. Projects of INDEM Foundation, Transparency International–Russia and others can serve as examples of this kind.
    - ii. Business: substantially less frequently, projects are financed either from funds allocated to large projects by foreign donors, or by businesses themselves. Examples can be provided by initiatives of business in the framework of CIPE projects.
    - iii. Non-governmental organizations/donors: the main emphasis is on the development of the anti-corruption toolkits by civil society organizations and the search for alternative anti-corruption development programs for society as a whole (including state institutions).

- c. Anti-corruption analysis of regulatory legal acts and their drafts. In accordance with the current Russian legislation, duly authorized power bodies shall conduct such analyses of the laws and certain sub-legal acts now in force and in preparation. However, this has hardly increased the relevance of the independent anti-corruption expertise, which can be conducted both as an independent anti-corruption projects or as an integral part of a greater project. Independent expertise can be requested by various non-governmental organizations, including business associations (for example, the CIPE project for support of regional business coalitions).
  - d. Preparation of regulatory legal acts for anti-corruption purposes. The main source of financing: state contracts; and to a lesser degree – grants to non-governmental organizations (usually at the regional level); for business associations – membership fees and volunteer work.
  - e. Human rights defense projects. Defense of individuals or organizations who have suffered from corruption or in the course of counteracting it, by the respective and usually specialized organizations. The main source of financing: volunteer work and donor aid. Possible examples: activities of Transparency International–Russia, aimed to a greater degree at citizens, and OPORA of Russia projects for businesses.
  - f. Information and educational projects, publication projects, PR/social marketing projects for familiarizing society with the problems caused by corruption, encouraging zero tolerance for corruption, sharing information on how citizens can fight corruption in their every day lives, and engaging citizens in the AC movement. Grants are the main source of financing. There are very many examples of such projects because practically every large anti-corruption project includes a stage of popularization of the project results. There are also purely information projects.
2. Projects indirectly influencing the corruption level in the country, a region, municipality, agency etc. Such projects are the most heterogeneous and difficult to categorize. These projects seek to improve managerial efficiency by reducing corruption.<sup>16</sup> Such projects have found that optimizing managerial processes in various fields decreases corruption levels, because improved management reduces the potential for corruption schemes. The following groups of projects can be identified in this class:
- a. The undertakings specified by administrative reforms and RF state service reforms. Although not directly related to anti-corruption, these reforms increase transparency of government, simplify procedural matters, remove administrative hurdles, etc. State contracts are the main source of financing.
  - b. The complex of undertakings performed by foreign consultants in support of the Russian reforms. Quite a few projects of this kind have been implemented, some of them continue to operate. These include projects to increase the efficiency of management (management by results, standardization and regimentation, optimization of functions, increasing efficiency of interaction between government and society, and optimization

<sup>16</sup> The cornerstone of this approach was laid by works of Susan Rose-Ackerman, research of the World Bank, INDEM Foundation, and other research organizations, and individual researchers.

of the judicial branch). Canadian International Development Agency (CIDA), Department for International Development of UK (DFID), the World Bank, EU etc. were the main project supporters.

- c. Initiatives of businesses aimed at the optimization of state management of the economy. Initiatives of regional business coalitions, established with support of CIPE and USAID, offer good examples. OPORA of Russia plays an important part in this sphere, and chambers of trade, commerce and industry also successfully handle such work in many regions. The main sources of financing are grants, volunteer work, and membership fees.
- d. Initiatives of businesses aimed at improving the interaction with power bodies, and eliminating administrative or bureaucratic hurdles that also create fertile soil for corruption. OPORA of Russia's projects may well provide examples of such work. The main sources of financing: volunteer work and membership fees.
- e. Initiatives of civil society institutions aimed at solving problems that arise when citizens must interact with power bodies and government officials, removing the corruption from these interactions and making them more efficient. Grants are the main source of financing.
- f. Human rights defense projects. Defense of persons who have suffered or sustained damage from illegitimate actions of government officials. The main source of financing: volunteer work and grants. The main participants were numerous specialized organizations as well as organizations considering human rights defense as one of the directions of their work. OPORA of Russia is an example of such a business-oriented organization engaged in activities of this kind.

For the purposes of this review, the data on activities of several donor organizations (CIDA, CIPE, DFID, the Eurasia Foundation, the European Union, the Ford Foundation, the MacArthur Foundation, Matra and Netherlands Ministry of Foreign Affairs, the National Endowment for Democracy, Norad, the Open Society Institute & Soros Foundation Network, the Swedish International Development Agency and some others) since 2000 through 2010 were analyzed. Data on business-oriented non-governmental organizations, like the RSPP, the CPI of the RF, OPORA of Russia and others, were also covered by this analysis.

The analysis of the publicly accessible data on activities of donor organizations made it possible to identify several patterns deserving attention.

1. Many donor organizations do not provide detailed information on the projects financed by them on their web sites. There can be several explanations, the simplest of them being lack of technical tools or human resources, although this is not likely the reason. A more complex explanation might be the lack of motivation for providing detailed information on the projects. As a result, certain sites contain very little information on the donor organizations' activities. They also provide little in the way of archival information on finished projects. This may be because of the reconstruction of the sites, the loss of documents, termination of specialized sites devoted to individual projects without exporting their materials to an archives at the main site, and so on.

2. Limited capacity for evaluation of the effectiveness and sustainability of implemented projects. This is caused, first, by a lack of base-line information about the projects on the donor organizations' sites. Second, in the greater majority of cases the projects are supported within one financial cycle, and after their end, there is no further monitoring of their results and impact. On the one hand, this is normal because the grant provider usually has very limited capacity for such monitoring. On the other hand, it is possible to provide for additional accounting in a certain period of time, all the more so that some organizations already practice this, although at semiofficial level.

3. Most frequently, donor organizations concentrate on several macro-level spheres of activity, and sometimes a certain narrower sphere of interest is selected. An explicit focus on anti-corruption priorities was not found at any donor organization. Anti-corruption projects are pursued under wider programmatic categories and are financed on an equal basis with other projects. This means that, as a general rule, there is no systematic approach to supporting anti-corruption projects. However, in some cases, more than one donor will support a series of topically similar projects, and various donors will support the projects conducted by one and the same operator. 4. Many projects of various donor organizations, related to matters which can directly influence the corruption situation, are not framed as AC projects. They may be scattered among various programmatic categories of supported projects, and may be separated by long time intervals etc. In a word, no system of diversified measures for addressing corruption can be seen among the donor community.

4. Multi-year project funding is the only widespread method of supporting anti-corruption initiatives. However, this approach has a substantial drawback: the project operator is assigned for the whole term, disregarding its competence, and this inevitably impacts the general performance. We believe that part of the problem is the fact that both project implementers and donors need to develop strategies instead of projects, and need to plan for the long- and not the medium term. Rather than supporting separate, independent projects, donors should support projects that fit within their long-term strategies for decreasing corruption. Summing up our analysis and keeping in mind the experts' opinions, we can evaluate the activities of donors in anti-corruption in Russia as follows:

Achievements:

- supported the emerging sphere of AC activities of non-governmental organizations;
- exported into Russia the positive experience and potential in the sphere of anti-corruption;
- aided in the formulation of a new direction of state policy in Russia;
- helped build confidence in Russian anti-corruption experts;
- financed long-term projects which have proved their efficacy.

Shortcomings:

- poor understanding of the nature and practices of corruption in Russia, which leads to an underestimation of possibility to use foreign experience to Russia;
- weak coordination among donors;
- absence of well-motivated long-term strategies;
- poorly managed competitions for funding lead to the financing of useless projects.

Possible ways for upgrading work:

- independent audits and evaluations of the projects being implemented.

- better selection of organizations to be financed;
- coordination of activities of donors with each other;
- development of AC strategy, benefiting from the advice of Russian experts.

## 2.5. Analysis of USAID anti-corruption activities

USAID has operated in the Russian Federation since 1992, has acted as a donor for a series of anti-corruption projects since 2000-01, and has, since January 2005, conducted this work along the guidelines of its anticorruption strategy.<sup>17</sup>

The projects implemented through this period may be tentatively split into three groups:

- 1) targeted or topical;
- 2) projects with an anti-corruption component, aimed at building support for AC work;
- 3) research projects.

Let us consider the projects of various categories and their productivity.

### Group 1. Targeted (topical) projects

This group includes two large-scale projects.

#### 1. Project: PARTNERSHIP IN COUNTERACTION TO CORRUPTION

*Short description.*

**Regions:** Khabarovsk Krai, Primorsky Krai, Sakhalin Oblast, Kamchatka Oblast, Samara Oblast, Tomsk Oblast, Irkutsk Oblast.

**Term:** January 2001 to December 2006.

**Project manager:** Management Systems International (MSI). **Participants:** regional NGOs and mass media, with support of the regional authorities.

#### **Tools:**

- coalitions of civil society organizations were set up in each region, in order to unite efforts in combating and counteracting corruption and in legal education of the population. All regional coalitions united into the Russian Anticorruption Partnership (RAP) in 2005, for more efficient coordination of activities and interchange of experience;
- anticorruption lessons and lectures in schools and universities;
- legal consultations and trainings for representatives of small businesses;
- NGO conferences attended by regional government officials;
- preparation of specialized literature;
- annual series of PR actions such as "Anticorruption Week," with public events and mass media coverage;
- free-of-charge legal consultations to the population during the actions.

Analysis of the project results and experts' opinions lead us to classify this project as one of low-effectiveness. When financing ended, the RAP ceased activity due to lack of its own resources. The web site for The Russian Anticorruption Partnership of groups in Samara, Tomsk, Irkutsk, and Vladivostok - <http://rap.stopcor.ru> (established on April 20, 2005 at an interregional meeting in the city of Irkutsk) was last updated in December 2006. The RAP site <http://rap-anticorruption.ru/> still remains in the list of anti-corruption organizations at the official site of the National Anticorruption Council of the Russian Federation, but is

<sup>17</sup> [http://www.usaid.gov/our\\_work/democracy\\_and\\_governance/publications/pdfs/ac\\_strategy\\_final.pdf](http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/ac_strategy_final.pdf)

used by a “partnership” of booking offices, devoted to earning money by placing bets on sports events.

The program, Partnership for Counteraction to Corruption in Samara Oblast, was the most long-lasting, and may be seen as a success. Samara Oblast became the only region that allocated grants from the regional budget in 2005 and 2006 for AC work.

The most recent PR event, the Sixth Anticorruption Week, took place in September 2007 in the city of Samara with financial support from the Samara Oblast government. News on the specialized site <http://stopcor.ru/> was last updated in September 2009. The financial support of the projects in this region, however, was terminated after a new governor was appointed.

Our analysis showed that the level of the partnership's success in each region depended not on the design of the project or on the efforts of MSI as the project coordinator but by two other circumstances:

- the presence in the region of organizations with experience in anti-corruption projects and relevant professional expertise (for example, in Samara Oblast);
- the previous implementation of other anti-corruption projects in the region by organizations (for example, in Irkutsk Oblast).

If those two conditions were not met, the project was doomed to failure (for example, in Tomsk).

## 2. Project: PREPARATION OF ANTICORRUPTION TOOLS IN RUSSIA

### *Short description.*

**Regions:** Moscow, St. Petersburg, Vladimir Oblast, Voronezh Oblast.

**Term:** September 2006 to July 2010.

**Participants:** Transparency International–Russia. This organization, in partnership with regional NGOs, also acted as a moderator in certain phases of the project.

### **Tools:**

- Internet portal <http://www.askjournal.ru/> is a key component of the project, opening access to information on current legislation, various aspects of everyday circumstances where a citizen may encounter corruption, current rules and procedures for interaction with state agencies, and recommendations from professional lawyers on overcoming specific corruption situations. The resource has been in operation since 2008, with up to 14 thousand visits quarterly;
- public anti-corruption reception offices in four regions (Moscow, Vladimir, Voronezh, St. Petersburg) provide direct legal aid to citizens;
- work with mass media (more than 500 news items and TV stories related to corruption and anti-corruption measures have mentioned this program);
- expert work on anti-corruption legislation in the Commission on Counteraction to Corruption of the RF State Duma and the Commission on Administrative Reform under the RF Government;
- analytical work: developed a universal set of criteria for evaluation of corruption levels, based on the experience of the USA and Russia.

It should be stated that this organization has maintained stable working contacts with the federal authorities, including the Civil Society Institutions and Human Rights Council under

the President of the Russian Federation, and the Presidential Administration. However, the success of the project has been determined first of all by the following circumstances:

- high professionalism of the organization members;
- practical applicability of the tools;
- capability to transmit successful foreign experience.

Group 2. Projects with an anti-corruption component aimed at developing the anti-corruption environment

1. Project: A PROGRAM FOR REPRESENTATION AND DEFENSE OF THE INTERESTS OF SMALL (AND MEDIUM) BUSINESS IN RUSSIA

*Short description.*

**Regions:** Altai Krai, Astrakhan Oblast, Irkutsk Oblast, Kamchatka Oblast, Khabarovsk Krai, Kirov Oblast, Krasnoyarsk Krai, Nizhny Novgorod Oblast, Perm Oblast, Primorsky Krai, Rostov Oblast, the Republic of Sakha (Yakutia), Saratov Oblast, Smolensk Oblast, Vologda Oblast, Samara Oblast, the Republic of North Ossetia–Alania.

**Term:** September 2002 to September 2010.

**Participants:** CIPE (the moderator), regional business associations, OPORA of Russia, and the RF Chamber of Trade and Industry.

**Tools:**

The project is a multipurpose program, which sought to:

- increase the potential of business associations to publicize their interests and initiatives at the regional level;
- expand the capabilities of the regional associations of businesses to advocate for desirable changes in the policy regulating small and medium businesses in the Russian Federation;
- encourage the creation of coalitions of business associations in 17 regions, with 210 business associations and NGOs as members;
- create an interregional coalition of business associations of the Southern Federal District (North Ossetia–Alania, Adygeya, Dagestan, Kabardino-Balkaria, Karachaevo-Cherkessia and Stavropol Krai) in 2009. In all, 14 business associations became members of the interregional coalition.

The main components of the regional programs:

- dialog with power bodies in the course of developing anticorruption policy and reducing administrative hurdles for business development;
- recommendations for reforming the regional legislation;
- defense of business rights, reduction of corruption levels;
- facilitation of access to financial resources;
- public events including seminars and conferences on a wide range of relations between government and business;
- legal projects and human rights projects as applied to business practices.

Strong points of the project:

- professionalism of experts attracted;
- focus on the vital interests of the participants;
- work with existing networks of business associations;

- the moderator's opportunity to apply the experience earlier accumulated in other countries.

## 2. Project: COUNTERACTION TO POLITICAL CORRUPTION: MONITORING THE APPLICATION OF ADMINISTRATIVE RESOURCES DURING FEDERAL ELECTORAL CAMPAIGNS

### *Short description.*

**Regions:** the Republic of Adygeya, Cheliabinsk Oblast, Kostroma Oblast, the Republic of Mordovia, Moscow, Moscow Oblast, Novgorod Oblast, Oryol Oblast, Rostov Oblast, St. Petersburg, Tambov Oblast, Tomsk Oblast, Vologda Oblast, Yaroslavl Oblast.

**Term:** September 2006 to July 2009.

**Participants:** Transparency International–Russia. This organization, in partnership with regional NGOs, also acted as a moderator in certain phases of the project.

### **Tools:**

- federal and regional media monitoring;
- direct monitoring of election-related activities in 16 regions by a group of experts;
- legal evaluation of the specific varied examples of the “administrative resource” application, and recommendations for revising the federal electoral laws.

The key objectives of the project were cooperating with mass media, providing Internet resources ([http://www.transparency.org.ru/proj\\_polit.asp](http://www.transparency.org.ru/proj_polit.asp)), and affecting public opinion. The project is remarkable in that it reflects the donor's approach to expanding and broadening the understanding of corruption. The project documented the illegal use of public and state resources in order to win elections.

The project did not change the situation as a whole, but produced professional methods and trained experts, expanded the potential of Transparency International–Russia and the regional partners - human rights organizations - to implement multifaceted anti-corruption projects. The project results attracted serious public attention. It should added that this project may be partially described as a research project.

Summing up our analysis and the opinions of the experts interviewed for this assessment report, we can give the following evaluation of the USAID activities in Russia.

### Achievements:

- USAID is practically the only organization that has persisted in these worsening conditions for donors' work in Russia, continuing to finance anti-corruption projects. In the new conditions, this can help other donors to resume or to start financing similar projects;
- readiness to support large-scale projects which, with only one exception, lead to success;
- support of projects of various types and contents.

### Shortcomings:

- absence of a long-term, well-motivated strategy;
- absence of a regional strategy of work;
- absence of coordination with other donors;
- insufficient use of the international experience;
- selection of funding recipients is not always sufficiently critical;

- non-critical attitude toward projects, including some that are nothing more than propaganda events and do not have concrete impacts and positive outcomes.

Possible ways for upgrading work:

- work on the basis of a multi-year program based on a strategy designed so make stage-by-stage work and continuity possible;
- selection of strategy components with due regards of diagnostics;
- regional coordination projects;
- ensure that independent evaluations and audits of large-scale projects are conducted;
- coordinate with other donors.

Making adjustments for the problem of development

In planning the anti-corruption strategy for USAID, one fact should especially be kept in mind: the political leadership of Russia, along with setting the task of addressing corruption, has set the task of developing and modernizing the country. The desired modernization has two aspects – technological and institutional. The task of institutional modernization should be taken into account in connection with anti-corruption strategy development. Those two tasks are closely interconnected, because low efficiency of power institutions, problems and deficiencies in their work are one of the basic causes of corruption, as was noted in sub-section 1.3.

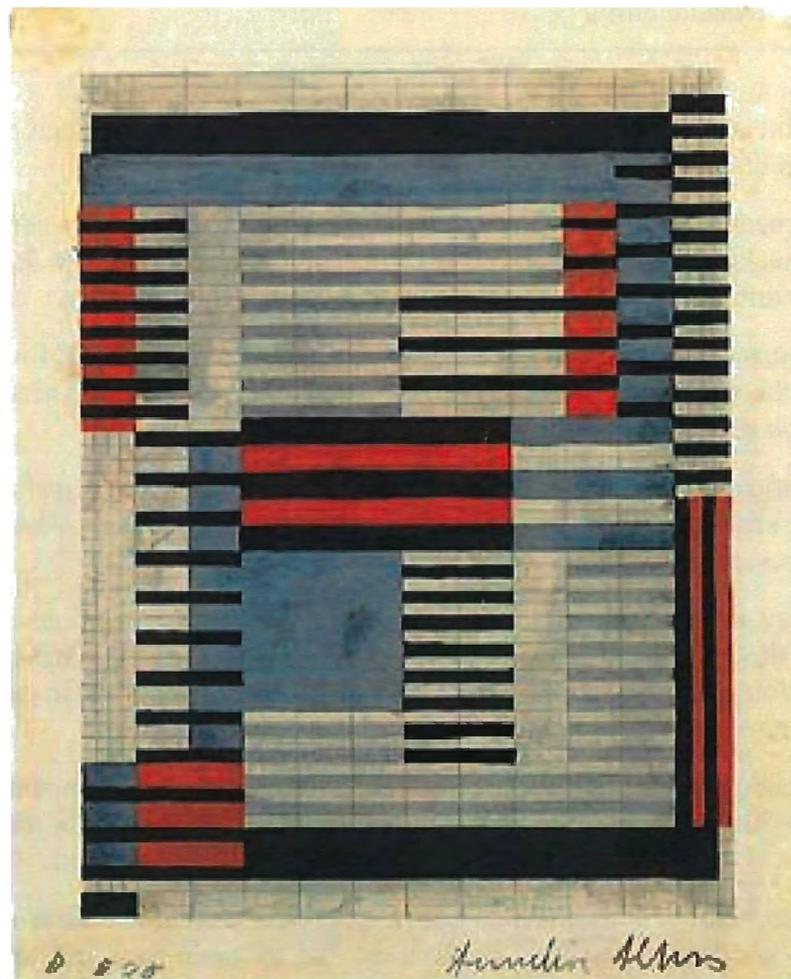
Studies of INDEM Foundation have shown that the institutions ensuring supremacy of law, and most of all, the judicial branch, are the most influential, as they have the power to affect the level of effectiveness of other institutions. Independent, accessible, and just courts contribute to the effectiveness of other power institutions and are an important tool for curbing corruption.

On the basis of the same studies, we have sufficient grounds to assert that the key to upgrading the performance of the judicial branch lies not in the optimization of legislation, but, rather, in other spheres. As the famous jurist and sociologist, Eugen Ehrlich, noted, “At the present, as well as at any other time, the center of gravity of legal development lies not in legislation...but in society itself.” Here are the factors that we believe substantially influence the functioning of the judicial branch:

- the operations of power bodies working in contact with the judicial branch;
- traditions, informal norms and practices of the agents and clients of the judicial branch;
- the mindset determining the legal consciousness of the agents and clients of the judicial branch.

Therefore, influencing these kinds of societal changes should become an important element of the USAID strategy.

### 3. Anti-corruption strategy for USAID in Russia



### 3.1. Foundations of the strategy

Below we will discuss:

- **general requirements for projects** that could be supported as part of the proposed strategy
- **the general principles of the proposed strategy**
- **general requirements for projects** that could be supported as part of the proposed strategy

#### Criteria to be used to design the proposed strategy and to evaluate potential projects to support under the proposed strategy

- feasibility;
- relevance;
- strategic impact;
- public significance;
- sustainability.

Feasibility means that only such goals and tasks are set, and only such projects are planned, as can be productively implemented in the existing conditions.

Relevance means that the projects in the framework of the strategy correspond to its goals and tasks, make adjustment for the specific corruption situation in Russia, and take into account the limitations to combating corruption in the country.

Strategic impact means that the goals and tasks of the strategy and of its projects cannot be reduced to the sum of its parts, as they will be aimed at affecting strategic changes which *must and can* happen in Russia, and will have a broad impact.

Public significance means that the goals and tasks of the strategy, just as the projects in its framework, shall contribute to changes important for society as a whole and for all social groups interested in addressing corruption.

Sustainability means the possibility to continue the anti-corruption activities in specific fields after the end of the USAID projects. In other words, implementation of the USAID anti-corruption strategy should launch self-supporting processes in society, so that they would generate additional ongoing anti-corruption activities.

A list of basic problems, which must be taken into account when planning the USAID AC strategy, is given below. Some of those problems were discussed in the first section of the report.

*1. Level of corruption in Russia and its dynamics.* Corruption in Russia has reached endemic proportions and keeps growing. This means that all main state institutions, all levels and branches of power are affected. This is also true with regard to the law-enforcement bodies responsible for combating corruption.

*2. Specifics of Russian corruption.* The main specific feature, or the fundamental cause of the corruption growth in the last decade, lies in the specifics of the political regime; the corrupted bureaucracy is a monopolistic ruling class. The ruling authority, on one hand, is interested in curbing corruption because it will make the subordinate bureaucracy easier to

manage. On the other hand, it is itself a part of this bureaucracy and depends on corruption. The resulting systemic conflict of interests prevents full-fledged counteraction to corruption by the authority itself.

*3. The main causes generating corruption and encouraging its growth in Russia.* The first cause, being the peculiar nature of the political regime, was mentioned in the previous paragraph. Several causes indicated in subsection 1.2 also deserve mentioning here: the weakness of civil society, which operates under aggressive pressure from the authority, and the deeply rooted paternalistic consciousness of society. Both of these prevent public mobilization against corruption.

*4. Negative effects of corruption and their gravity.* The two consequences of corruption, considered in subsection 1.3, should be mentioned here: first, habitualization of corruption, making anti-corruption mobilization of society even more difficult, and second, deficiencies in the sphere of law.

*5. Measures for counteraction to corruption undertaken by the authorities.* This analysis was presented in subsections 2.1 and 2.2. The half-heartedness of these measures has left a wide gap for non-governmental organizations to fill. But the authorities' declarations of interest in addressing corruption provide an important opportunity that AC NGOs can seize. However, we must remain sober, as even the positive experiences accumulated at the regional and municipal levels remain largely unheeded.

*6. AC Experience of by non-governmental organizations.* As was demonstrated in subsection 2.3, non-governmental organizations have accumulated diversified, albeit limited experience in the AC sphere. The problem is not in the volume and quality of this experience but in the limited scope of its dissemination.

*7. The Social context and the potential to mobilize the public against corruption.*

- Citizens are accustomed to corruption;
- In part because of the paternalistic consciousness in the culture, citizens generally rest their hopes on the authorities and do not rely on their own resources;
- There is a limited awareness about the causes and negative consequences of corruption, and alternatives to participating in the corrupt system.

*8. Managerial reform and the authority's plans to modernize various power bodies.* This aspect was discussed above, in subsection 2.5. It opens the way for developing AC projects aimed at increasing the efficiency of the state institutions' work.

*9. Anti-corruption activities of international organizations and donors in Russia.* As was admitted above, these activities have slowed down since 2005, and before this they had been insufficiently coordinated.

All these enumerated circumstances, as well as findings and evaluations made in the previous sections, helped to generate the following requirements for the proposed USAID anti-corruption strategy.

### **Requirements for the anticorruption strategy**

1. The strategy should be based not on a search for the best solution but on a design that incorporates the best acceptable (and possible) solutions.
2. Projects in the framework of the strategy should be aimed both at direct anti-corruption measures and measures aimed at modernizing and improving the management and operation of the state institutions' work.
3. The strategy should include projects aimed at bringing about positive changes in society by addressing corruption.
4. The projects in the framework of the strategy should complement the efforts of the authorities to combat corruption.
5. The strategy should include coordination of efforts with other donors, international programs, and international partnership agreements in the anti-corruption sphere.
6. The strategy should be public and transparent, this requirement should be extended to projects making up the strategy.

Let us now consider general requirements for the projects through which the anti-corruption strategy will be implemented.

### **General requirements for the projects**

- reliability;
- transparency;
- goal orientation;
- measurability of results;
- inter-project coordination;
- public effect.

*Reliability* means that each project meets a set of requirements: they are selected through genuine tenders; the mission, area of expertise and track record of the project operator corresponds to the goals and tasks of the project.

*Transparency* means that information about the project, its concept, course of implementation and results should be transparent and easily accessible, both through the channels of information about the donor and about the operator.

*Goal orientation* means that project activities are focused on achieving the primary goals of the strategy, and project outcomes are not confused with intermediate process outcomes.<sup>18</sup>

*Measurability of the results* means that there will be the possibility to evaluate the results of the project; the goals will be measurable (it should be understood, however, that in certain situations, measurement is difficult)<sup>19</sup>.

*Inter-project coordination* means that the project is built into a series of other projects either performed by this organization in the same region, or similar projects in the country. Thanks to it, the project contributes to the aggregate result of other projects, and together they are expected to produce synergetic effects with regard to the goals and tasks of the strategy.

*Public effect* means that the project and its results have an impact on society, that the project (probably together with other projects) is seen as a useful undertaking and an integral part of a joint and coordinated effort aimed at counteracting corruption.

### **3.2. Goals and tasks of the anti-corruption strategy**

The main conclusion from the above-listed requirements refers to the anti-corruption strategy goals. This strategy may involve only what can be realistically and measurably changed by implementing the programs and projects of the strategy. Consequently, the goals of the strategy cannot be formulated as referring to corruption in general, its scale and structure. Such goals can be achieved through joint, concerted and systemic efforts of the authority and society but this appears unthinkable in the existing situation. Our analysis shows that, under the existing limitations, it can be realistically expected only to influence some of the conditions contributing to corruption.

The analysis presented in this report makes it possible to conclude that one can speak about the following sets of conditions:

- political conditions;
- administrative conditions;
- institutional conditions;
- social conditions.

In view of the existing restrictions, the only real impact can be that on social and institutional conditions. The latter has become the target of projects supported by international organizations and donors. The formal institutional changes that followed the end of the Soviet Union were not able to transform and improve the operation of the governmental institutions in part because they were not accompanied by the requisite societal changes, which did not keep pace with the formal institutional ones, and were generally ignored. The opportunity to achieve genuine changes appears only when the efforts are directed both at institutional and societal changes. The figure below shows a goals tree based on the considerations presented in the previous passages.

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<sup>18</sup> If part of a project involves handing out brooms with inscriptions that say, "We'll sweep away corruption," it must be understood that the ultimate goal of the project is not to ensure that a certain number of people have brooms and that a larger number know that some were given those brooms.

<sup>19</sup> The evaluation of the implementation of a project might measure the number of brooms handed out. However, the number of brooms or the number of events conducted can not substitute for indicators that demonstrate that the events contributed to decreased levels of corruption. . Even though it is sometimes difficult to measure the impact of an AC project, indicators of change, using pre- and post-project data, must and can be identified.

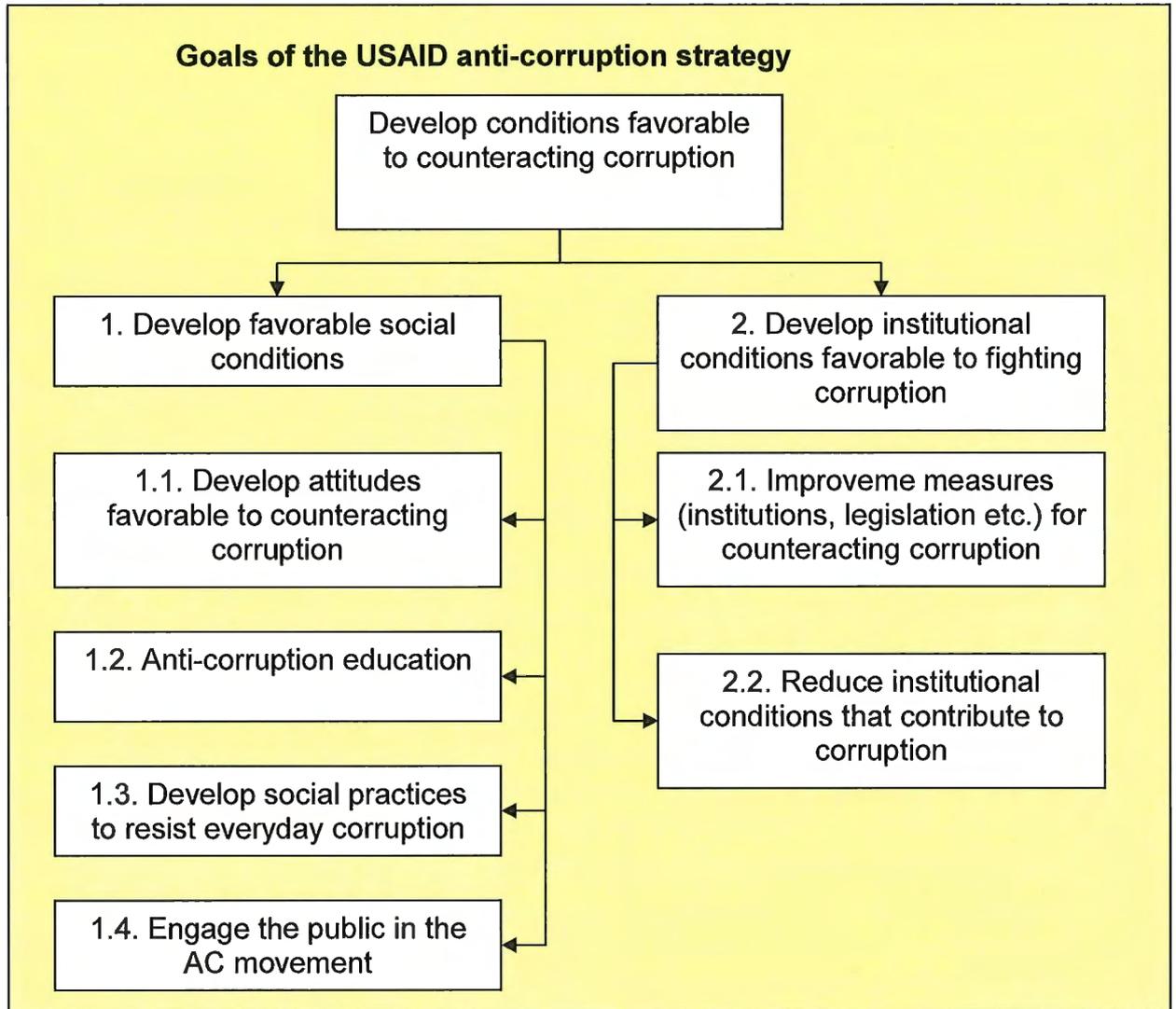


Figure 8. Goals tree of the USAID anti-corruption strategy in Russia.

Below, we expound on the tasks that correspond to each of the above listed goals. It is important to stress once again the specific features of the proposed system of goals.

First: it designates a sphere of activities in which independent efforts of donors and non-governmental organizations can have a positive and *long-term result* (note that those spheres in which we believe it is not possible to achieve significant long-term outcomes are not included in the strategy).

Second: potential *long-term results are dependent on affecting societal changes*. This goal is quite difficult to achieve and requires a long-term strategy as we can not expect immediate tangible results, but the affected changes, if successful, are sustainable. With regard to AC work, societal changes are a necessary precondition for a positive effect on institutional changes. Societal changes will bring about additional positive outcomes outside the AC sphere.

Third: the proposed strategy incorporates previous efforts to reform and modernize public institutions - aligning them also with efforts to affect social changes. If proper coordination of projects is achieved, initiatives to improve the management and performance of *specific state institutions through AC programs will be supported by the development of social*

*programs to educate citizens about corruption, creating a demand for AC reforms, and the projects and activities of non-governmental organizations in this realm will support the institutional reform efforts, and vice versa. We see the potential for cooperation between non-governmental organizations and the authorities to pursue this mutually beneficial work.*

Now we should consider the objectives that should be pursued in order to achieve the goals presented in Fig. 8. For each objective, we will indicate the social groups and institutions that can be targeted. These objectives can be pursued not only through projects directly connected with the USAID AC strategy, but also in the framework of other USAID programs.

### 1.1. Nurturing attitudes favorable to counteracting corruption

**Goal:** to change public opinion, perceptions, expectations, and assessments of corruption as a phenomenon, and the understanding of its causes, consequences and impacts; and to raise awareness of methods of counteracting corruption and the political, social, and economic conditions contributing to or conducive to corruption.

**Target groups:** Russian society, government officials.

**Tasks:**

- 8) substitution of patriarchal, paternalistic perceptions about relations between government and society;
- 9) development of perceptions about democracy as a tool for increasing the effectiveness of government and its responsibility for society, as a prerequisite for combating corruption (1.1, 2);
- 10) development of perceptions about the place and role of government, certain government institutions, activist citizens, and non-governmental organizations in affecting social change (in particular, in counteracting corruption);
- 11) development of a modern legal consciousness;
- 12) development of awareness about corruption as a social phenomenon, and awareness of alternatives to engaging in corruption as a convenient way to solve everyday problems;
- 13) development of perceptions about the causes and consequences of corruption, including the damage that corruption inflicts on each and every resident of the country;
- 14) development of awareness about the various methods of counteract corruption.

### 1.2. Anti-corruption education

**Goal:** Meeting the emerging demand for professional and practical information about corruption and methods of counteracting it.

**Target groups:** representatives of government and non-governmental organizations who are engaged in or interested in counteracting corruption, experts and activist citizens desiring to expand their knowledge of anti-corruption strategies.

**Tasks:**

- 6) popularization of successful foreign experience of counteracting corruption, including information on the methods of doing so; (If this going to be one of the recommendations, you should probably include some where in the in report examples of the kinds of helpful foreign experience you are referring to.)
- 7) study, analysis and dissemination of positive Russian experience;

- 8) preparation and distribution of manuals, training guides and training courses on anti-corruption activities, programs, practices and policy;
- 9) publication of foreign and Russian scholarly literature dealing with corruption and counteraction to it;
- 10) publication of foreign and Russian popular literature dealing with corruption and counteraction to it.

### 1.3. Establishing and replicating social practices

**Goal:** Bring about changes in the social practices of citizens and business people, including how they interact with and influence government.

*Target groups:* citizens, business people, and power bodies.

*Tasks:*

- 4) provide information on the social experience of citizens and businesses in other countries;
- 5) informing citizens and business people about possible positive practices to influence government and interact with government in Russia;
- 6) develop, test and introduce new institutional and organizational frameworks for citizens and businesses to interact with government.

### 1.4. Engage the public in AC activities

**Goal:** Increase the professionalism of experts, activists and volunteers of existing and new non-governmental organizations involved in planning and implementing anticorruption projects; increase the quality of work of such organizations.

*Target groups:* non-governmental organizations and their members.

*Tasks:*

- 7) study, analyze and disseminate information on foreign experience of public participation in counteracting corruption;
- 8) study, analyze and disseminate Russian experience of public participation in counteracting corruption;
- 9) recruit and train experts, activists and volunteers of existing and new non-governmental organizations planning to implement anti-corruption projects;
- 10) prepare training guides for experts, activists and volunteers of existing and new non-governmental organizations planning to implement AC projects;
- 11) encourage international cooperation of non-governmental organizations in the AC field;
- 12) create an information infrastructure for the AC work of non-governmental organizations to improve their coordination as well as their interaction with donors.

### 2.1. Improve measures (institutions, legislation etc.) for counteracting corruption

**Goal:** Improve the effectiveness of the work of power bodies and non-governmental organizations implementing AC policy.

*Target groups:* power bodies and their representatives, non-governmental organizations and their members.

*Tasks:*

- 6) prepare, test and introduce new solutions/methods for power bodies participating in anti-corruption policy implementation;

- 7) prepare, test and introduce new solutions/methods for non-governmental organizations participating in anticorruption policy implementation in accordance with the National Plan of Counteraction to Corruption, as well as in the framework of their own independent initiatives;
- 8) support the government's involvement in international cooperation in anticorruption policy;
- 9) implementation of projects supplementing the official anticorruption policy and increasing its effectiveness;
- 10) independent monitoring and auditing of the implementation of anti-corruption measures.

## 2.2. Reduce institutional conditions that contribute to corruption

**Goal:** Assist power institutions' work to eliminate the conditions that contribute to corruption.

**Target groups:** power bodies and their representatives; non-governmental organizations and their members.

**Tasks:**

- 6) analyze corruption practices and identify the institutional and organizational deficiencies that contribute to specific corruption practices;
- 7) prepare new institutional and organizational solutions to restrict corruption practices;
- 8) participate in the implementation of the NPCC, specifically, the analysis of the potential for corruption inherent in regulatory acts;
- 9) provide independent monitoring and auditing of the measures aimed at restricting corruption in the framework of the NPCC;
- 10) study, analyze and disseminate foreign experience reducing the conditions contributing to corruption.

## **3.3. Implementation of the strategy**

Our analysis of previously implemented anti-corruption activities, presented in the second section of the report, singled out the following problems:

- lack of interconnection between projects;
- lack of strategic regional targeting, concentrating resources in specific regions where multiple projects are implemented in a single region so that they can reinforce each other, in order to have a more comprehensive approach addressing various aspects of corruption with various kinds of AC activities (in each of the targeted regions, rather than having single projects in different regions throughout the country);
- quality of implementors.

If these problems are not successfully addressed, it will be difficult to substantially improve the joint productivity of the funded anti-corruption projects. We recommend the following approach to solving the above-listed problems in the framework of the strategy:

**First:** Resources should be allocated to support projects aimed at solving specifically identified corruption problems. Various projects should be developed to simultaneously tackle the tasks listed in the previous subsection (we propose to call them *support projects*).

**Second:** all three problems and projects ought to be treated as interconnected. The best chance of solving these problems is by pursuing various support projects in the aggregate.

The interconnection between projects, in fact, has multiple meanings: there is the interconnection in time (stage-by-stage execution of various projects at the same time), the regional interconnection (geographically), and topical interconnection (projects that address the same kind of corruption). Interconnection in time can happen in two ways. While some projects should be implemented simultaneously, some projects should precede others so that they can provide the vital information needed to design project methods in accordance with the specific data on the nature of corruption in that region. A regional interconnection should be achieved by having numerous projects implemented in each region where work will be conducted (see below). The topical interconnection technique is already used by the USAID, when a certain series of projects in a group of regions is implemented by a single moderator organization; this can also be done by supporting grass-roots networks of organizations to implement related anti-corruption activities.

We recommend regional targeting of projects, and selecting these regions strategically in advance. It is proposed to select the regions through analyzing data obtained through strategy reconnaissance projects supporting Regional Anti-corruption Monitoring (see below). This monitoring will provide the data needed to select the regions with the best prospects for productively implementing the USAID anti-corruption strategy projects. This approach, however, should not be mistaken as identifying and choosing the path of least counteraction. At the present stage of AC work in Russia, it is extremely important to test-run anti-corruption tools and demonstrate positive cases of successful anti-corruption efforts in at least a few regions. The approach of strategically targeting regions may be changed later, when the dissemination of the accumulated experience becomes the primary task.

The quality of recipients should be ensured by preliminary research and due diligence on potential NGO partners for USAID. When necessary, projects should begin by ensuring the appropriate training is obtained for the non-governmental organizations, and their members, experts and volunteers that will be involved in project implementation. Such preparation may be provided by the expert organizations engaged to conduct the reconnaissance projects at the start-up phase of strategy implementation.

Let us now consider other aspects of implementation of the USAID anti-corruption strategy.

#### Interaction with power bodies

The task of interacting with power bodies is left to the discretion of the implementing/partner organizations. However, help to these organizations in this respect can be provided at the training and education stage.

To determine with which power bodies the implementing organizations shall interact in advance will hardly be useful, for two reasons. First, different departments of regional administrations (law enforcement, personnel, economic) are responsible for anti-corruption policy in different regions, and there is no uniformity here. Second, the need to interact will depend on the projects' focus, which will also vary. This will also be the case with implementing organizations operating at the federal level.

#### Concentration on certain kinds of corruption

As the *development of conditions favorable to counteracting corruption* is a key goal of the USAID anti-corruption strategy at the present stage, concentration of efforts on certain specific kinds of corruption is not of principal importance. The recipient organizations, working at the regional or municipal levels, should be able to independently select the kinds of corruption their projects will address. Centralized decision-making in this respect is not

expedient because of the extent to which there are substantial differences in corruption levels and structure between the regions.

As to the federal projects, it would be rational to apply soft criteria encouraging donor organizations to concentrate attention on certain kinds of corruption, without exclusion of all others. The priority targets should be those classified as “dangerous,” or “moderately dangerous” in subsection 1.3. Classified by spheres of regulation, this list may include the following:

- secondary and higher education;
- health care;
- environmental control;
- non-financial and safety related inspections (fire and health safety inspections, for example);
- registration of property ownership;
- state contracts and state purchases;
- licensing of various kinds of activities.

The list includes those spheres of regulations or state services in which corruption either is great, or suppression of it is socially important, or both.

#### Interaction with other donors

Absence of such interaction was singled out as a problem by many experts. It is obvious that sensible interaction between donors may in many cases increase the output of each anti-corruption project. At the same time, it is clear that attempts of any donor to propose certain interaction mechanisms can be seen as encroachments on the independence of others (differences in the status of different donors, such as between international NGO re-granting organization, state/public organizations and private foundation, should not be overlooked.). Coordination of donors' efforts by non-governmental organizations themselves may be helpful.

Such coordination may begin as part of an initiative of an association of anti-corruption non-governmental organizations. Such an association may put forward its own anti-corruption strategy, which would embrace and integrate the efforts of numerous non-governmental organizations in Russia. The association may ask donors to support projects in the framework of this strategy, with the association selecting recipients and bearing responsibility for their success; the donors will have the right to accept or ignore such requests. However, such an association should not claim any monopoly on coordination of public anti-corruption efforts or of donors' activities.

#### Interaction with the U.S.-Russia Bilateral Presidential Commission

As of now, anti-corruption activities of the U.S.-Russia Bilateral Presidential Commission are in the initial stages, that of identification of the directions of work. It is therefore difficult to identify the possibilities to interact with it, and presently only experts' guesswork and suggestions are available. Comparative research of American and Russian corruption is one of the most promising ideas. Such research could provide the basis for planning future anti-corruption activities of the U.S.-Russia Bilateral Presidential Commission.

#### Interaction among non-governmental organizations

It is essential to coordinate the anti-corruption strategies of different implementing organizations. Interaction among various organizations that possess different kinds of

resources (and are liable to different kinds of limitations), including the Civil Society Institutions and Human Rights Council under the President of the Russian Federation or the Public Chamber, can offer numerous benefits. AC NGOs and the kind of association of anti-corruption non-governmental organizations discussed above would greatly benefit from this kind of interaction. Building an activist coalition of influential non-governmental organizations that consistently participate in anti-corruption activities could become a strategic interest and goal for the USAID.

#### Financing of strategy implementation

The tasks presented above and implementation of the projects described can be financed not only from the budget of USAID's anti-corruption activities in Russia, but also in the framework of other permanent directions of USAID's work, for example, through the program on Democracy Initiatives, including the following programs:

- Rule of Law and Human Rights;
- Local Governance;
- Citizen Engagement;
- Civil Society;
- Media.

#### Evaluation of the strategy

This stage of implementation of the strategy is last in order but not least in importance. If the goal of the strategy is to change institutions and society (see Fig. 8) and creating a favorable climate for counteracting corruption, then the effectiveness of the strategy should be evaluated according to the scale of the changes achieved.

The desired changes in the social practices and social attitudes can be measured through two specialized public opinion polls, the first to be undertaken at the start of implementation of the strategy, and the second at its final stage. Both studies can be done as part of a separate support project.

As to the second goal of the strategy, or changes in formal institutions, two results should be distinguished here. The first is the planned institutional changes as such, and the success of their implementation may be evaluated by USAID-funded independent evaluation. The second result is corruption level changes resulting from the institutional changes. But such changes may be identified by the state only, since the reduction of the corruption level must be the goal of the state policy.

### **3.4. Projects in the framework of the strategy**

Before describing the proposed projects, an important comment should be made. As corruption is a complex social phenomenon, characterized by constantly changing dynamics and adaptability, the strategy for counteracting corruption may be effective only if it is sufficiently flexible and regularly modified.

There is another argument against too inflexible of a strategy. We can agree about the strategy goals because they are formulated at a sufficiently high level of abstraction and permit a wide range of interpretations. The specification of goals through the description of specific tasks already makes different variants possible. Even greater degrees of freedom appear when we match the tasks and projects. Whatever solution is made at both those levels, we recognize that other solutions are available and we have no way to evaluate which solution is better.

Consequently, the strategy implemented through the projects should not be strictly limited to a previously agreed upon list of projects. Quite the opposite, it should presume the possibility that certain kinds of projects will emerge that were not conceived of in advance. The only precondition limiting such a possibility: initiators of such projects should explain and prove to the experts that their projects actually correspond to the goals of the strategy. Keeping this in mind, we begin our description of the proposed projects.

#### Support projects

Just as the projects have multiple connections with the strategy tasks, the support projects may be simultaneously used to implement a number of the tasks enumerated above, in subsection 3.2 and also supported by USAID.

#### *Association of anti-corruption non-governmental organizations*

Support is provided to an association to implement the following tasks:

- coordination of activities of various non-governmental organizations in the sphere of anticorruption;
- assist donors in sharing information about their anti-corruption activities;
- individual tasks in anti-corruption education, which require the consolidation of the intellectual and professional resources of various organizations;
- individual tasks to encourage public participation in counteracting corruption, which requires the consolidation of the intellectual and professional resources of various organizations.

#### *Regional monitoring of anti-corruption activities*

The main task of this kind of project is comparative region-by-region evaluation of the quality and productivity of the anti-corruption activities of the regional authorities. The initial stage of this project should inform the strategic selection of the regions in which USAID anti-corruption activities will be concentrated. In the future, the project will merge with the tasks of the project, Monitoring of Corruption and Anti-corruption Activities, described below.

#### *Russian society*

This project will evaluate the productivity of the implementation of the USAID strategy proposed in subsection 3.3. The project consists of two public opinion polls, one at the beginning and one at the end of the USAID anti-corruption program. The polls should identify baselines and measure changes in:

- respondents' attitudes;
- understanding of corruption, its causes, consequences and methods of counteraction;
- practices of interaction with government;
- anti-corruption practices.

#### Projects aimed at achieving the strategy goals

Only the primary projects, the necessity of which was recognized by the majority of experts (often unanimously) interviewed while preparing this report, are listed here. Here we list about the kinds of programs that might be funded within the strategy, consisting of related projects to be implemented by various non-governmental organizations.

#### *Translation and publication of foreign literature on anti-corruption*

The projects are intended to address the following tasks (the task definition is accompanied [in brackets] by the goal number it corresponds with, and, after a comma, by the task number in the list of tasks for achieving that goal):

- modifying perceptions about the place and role of government, certain government institutions, activist citizens, and non-governmental organizations in affecting societal changes (in particular, counteraction to corruption) and public life (1.1, 3);
- modifying perceptions about corruption as a social phenomenon, including removing the tolerance for everyday practices of citizens using corruption as a convenient way to solve their problems (1.5, 3);
- modifying perceptions about the causes and consequences of corruption, including the corruption damages inflicted on every resident of the country (1.6, 3);
- increasing awareness about methods of counteracting corruption (1.1, 7);
- the majority of the tasks connected with goal 1.2 involve anti-corruption education;
- informing about the social experience of citizens and businesses in other countries (1.3, 1);
- study, analysis and dissemination of foreign experience of public participation in counteracting corruption (1.4, 1);
- preparation of educational materials for experts, activists and volunteers of existing and new non-governmental organizations planning to carry out anti-corruption projects (1.4, 4).
- study, analysis and dissemination of foreign experience of narrowing conditions conducive to corruption (2.2, 5).

When operators for these projects are selected, it will be important to have in mind the organization's expert potential to select appropriate materials and books for translation.

#### *Translation and publication of foreign literature on general political and legal issues*

The following projects are intended to address the following tasks:

- substitution of patriarchal paternalistic perceptions about the relations between government and society (1.1, 1);
- development of perceptions about democracy as a tool for increasing efficiency of government and responsibility before society, and a prerequisite for combating corruption (1.1, 2);
- development of perceptions about the place and role of government, certain government institutions, activist citizens, and non-governmental organizations in societal changes (in particular, counteraction to corruption) and public life (1.1, 3);
- development of a modern legal consciousness (1.1, 4).

#### *Preparation and publication of Russian-language anti-corruption literature.*

The projects are intended for addressing the following tasks:

- development of perceptions about the place and role of government, certain government institutions, activist citizens, and non-governmental organizations in societal changes (in particular, counteraction to corruption) and public life (1.1, 3);

- development of perceptions about corruption as a social phenomenon, including reducing tolerance for the everyday practice of citizens using corruption as a convenient way of solve their problems (1.5, 3);
- development of perceptions about the causes and consequences of corruption, including the corruption damages inflicted on every resident of the country (1.6, 3);
- development of perceptions about methods of counteracting corruption (1.1, 7);
- the majority of the tasks connected with goal 1.2 comprise anti-corruption education;
- preparation of educational materials for experts, activists and volunteers of existing and new non-governmental organizations planning to carry out anti-corruption projects (1.4, 4).

This literature may include both professional and popular publications.

*Preparation and introduction of anti-corruption training guides.*

The projects are intended for addressing the following tasks:

- preparation and distribution of training guides and training courses on anti-corruption policy and its various elements (1.2, 3);
- recruitment and training of experts, activists and volunteers of existing and new non-governmental organizations planning to carry out anti-corruption projects (1.4, 3);
- preparation of training guides for experts, activists and volunteers of existing and new non-governmental organizations planning to carry out anti-corruption projects (1.4, 4).

*Preparation and publication of Russian-language literature on general political and legal issues.*

The projects are intended to address the following tasks:

- substitution of patriarchal paternalistic perceptions about the relations between government and society (1.1, 1);
- development of perceptions about democracy as a tool for increasing the effectiveness of government and its responsibility before society, and a prerequisite for combating corruption (1.1, 2);
- development of perceptions about the place and role of government, certain government institutions, activist citizens, and non-governmental organizations in societal changes (in particular, counteracting corruption) and public life (1.1, 3);
- establishing a modern legal consciousness (1.1, 4).

*Monitoring of corruption and anti-corruption activities.*

The projects are intended to address the following tasks:

- study, analysis and dissemination of the positive Russian experience (1.2, 2);
- familiarization of the citizens and businesses with possible positive practices to influence government and interact with government in Russia (1.3, 2);
- study, analysis and dissemination of the Russian experience of public participation in counteracting corruption (1.4, 2);
- implementation of projects complementing the official anti-corruption policy and increasing its efficacy (2.1, 4);

- independent monitoring and evaluation of the implementation of anti-corruption measures (2.1, 5);
- analysis of corruption practices and identification of institutional and organizational deficiencies conducive to specific corruption practices (2.2, 1);
- independent monitoring and evaluation of the measures aimed at narrowing corruption opportunities in the framework of the NPCC (2.2, 4).

*Research on corruption practices, and development and introduction of measures preventing those practices and narrowing conditions for them.*

These projects are intended for addressing the following tasks:

- study, analysis and dissemination of the positive Russian experience(1.2, 2);
- development, testing and introduction of new institutional and organizational frameworks for interaction of citizens and businesses with government (1.3, 3);
- development, testing and introduction of new institutional, organizational and practical solutions for application in the anti-corruption policy by power bodies participating in anti-corruption policy implementation (2.1, 1);
- development, testing and introduction of new institutional, organizational and practical solutions, for their application in anti-corruption policy by non-governmental organizations, participating in anti-corruption policy implementation, in accordance with the NPCC as well as within framework of their own independent initiatives (2.1, 2);
- implementation of projects complementing the official anti-corruption policy and increasing its efficacy (2.1, 4);
- analysis of corruption practices and identification of institutional and organizational deficiencies conducive to specific corruption practices (2.2, 1);
- development of new institutional and organizational solutions narrowing possibilities for the known corruption practices (2.2, 2).

*Efforts for recruitment and training of experts and activists of non-governmental organizations engaged in anti-corruption activities.*

These projects are intended to address the following tasks:

- development, testing and introduction of new institutional and organizational frameworks for interaction between the citizens and businesses with government (1.3, 3);
- development, testing and introduction of new institutional and organizational frameworks for citizens and businesses to influence government (1.3, 4);
- education and training of experts, activists and volunteers of existing and new non-governmental organizations planning to carry out anti-corruption projects (1.4, 3).

## Conclusion

Worldwide, there are isolated examples of anti-corruption efforts that have succeeded - for example, in a single municipality or power body. These isolated "islands of integrity" usually achieved short-term success but often failed over the medium- and long term because they were not supported by a unified, frontal offensive against corruption.

Indeed, as social practices evolve, they are rarely uniformly successful at the outset. The practices needed to develop a just society alternatively succeed and fail, come and go, and then must be revived again. The benefit of earlier accumulated positive experiences, even if the efforts ended in failure, are never lost entirely in the long-term prospect.

The situation in Russia makes one suppose that there exists a great potential to achieve local victories over corruption, although there is a good probability that that these victories may turn out to be temporary. But this experience will not be lost. Each local success signifies to the people: "We have opportunities and prospects. We can do it, it is in our power to combat corruption. Everything depends on ourselves, and now we know what we should do." Society will be changed in this way, and foundations will be laid for the future victory over corruption. We had this in mind when we developed the proposed strategy, especially with regard to our efforts to improve state institutions.

However, in our opinion, the strategy should be, first of all, aimed at transforming society. The social changes should focus on encouraging citizens and civil society groups to combat corruption. While it may be more difficult to affect these kinds of changes than it is to draft and adopt new laws, achieving this kind of social change will result in the best prospects for achieving significant, long-term outcomes with regard to reducing corruption and its consequences. This is a certainly a worthy goal, and we hope that the proposed strategy provides a road map to achieve it.

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