
INTERGOVERNMENTAL FISCAL POLICY REFORM

FINAL REPORT

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Acronyms

USAID – United States’ Agency for International Development

USG – United States Government

RF – Russian Federation

GOR – Government of Russia

NC – North Caucasus

CFP – Center for Fiscal Policy

TA – Technical Assistance

FZ – Federal Law

RZ – Regional Law

IGFR – Intergovernmental Fiscal Relations

H&U – Housing and Utilities

Introduction

The *Intergovernmental Fiscal Reform Program* (henceforth the Program) was conceived by USAID as a four-year Cooperative Agreement project No. 118-A-00-03-00084 with the Center for Fiscal Policy (henceforth CFP) that would build on and extend the work on intergovernmental and budget policy reforms begun under USAID *Russian Federation Public Finance Program* (2000-2003). Later 14 modifications were made which extended the duration, financing and the scope of work of the Program for five years till January 2012.

For the purpose of this Final Report, the whole work under the Cooperative Agreement project No. 118-A-00-03-00084 is presented in form of three Components.

- Component One includes the initial four-year project and covers the period from 2003 to 2007.
- Component Two deals with the later modifications to the project that extended its duration for five years, up to January 2012.
- Component “North Caucasus”, also carried out under one of the modifications made to the Cooperative Agreement project No. 118-A-00-03-00084, focused on *Public Finance and Budgeting in the North Caucasus*. The period of this modification was from October 2005 till September 2007.

The objective of the Program was two-fold:

- *first*, to promote values of fiscal federalism in Russia such as fairness, transparency, and objectiveness of intergovernmental fiscal relations, to improve efficiency of government spending in public sectors, and to support governments’ efforts to rationalize the budget process in Russia; and
- *second*, to support the institutional strengthening of the Center for Fiscal Policy as it moved towards sustainability.

Therefore the results of the Program must be estimated from two angles: from the angle of *Technical Assistance* outcomes and from the angle of CFP *Institutional Strengthening*.

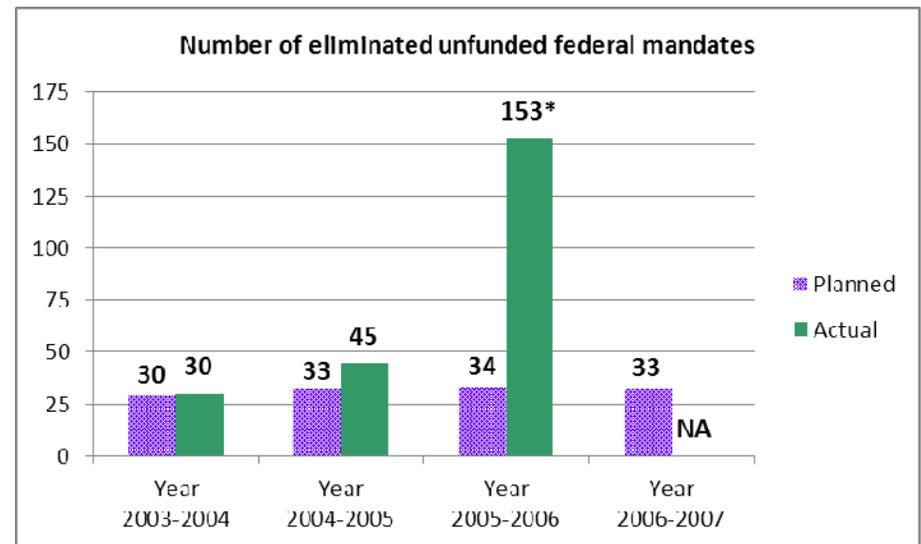
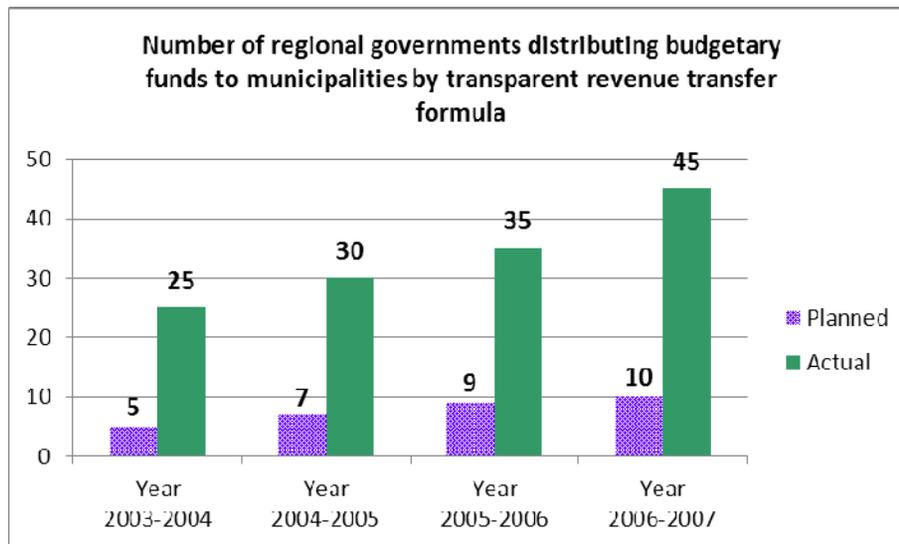
Within the Program activities CFP was providing technical assistance to federal, regional and local governments of the Russian Federation.

CFP Indicators

Table 1. Performance Indicators 2003 -2007

| Performance Indicators | Year 2003-2004 | | Year 2004-2005 | | Year 2005-2006 | | Year 2006-2007 | | Total | |
|---|----------------|------------|----------------|------------|----------------|------------|----------------|------------|--------------|--------------|
| | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | Planned |
| Number of regional governments distributing budgetary funds to municipalities by transparent revenue transfer formula | 25 | 5 | 30 | 7 | 35 | 9 | 45 | 10 | 135 | 31 |
| Number of eliminated unfunded federal mandates | 30 | 30 | 45 | 33 | 153* | 34 | N/A | 33 | 228 | 130 |
| Number of funded sources | 6 | 5 | 6 | 5 | 4 | 5 | 5 | 5 | 21 | 20 |
| USAID funding as percentage of CFP Budget | 65% | 75% | 50% | 61% | 44% | 53% | 47% | 26% | 52% | 54% |
| Value of proposals submitted | 355 603,00 | 233 000,00 | 551 503,00 | 531 000,00 | 1 080 000,00 | 667 000,00 | 1 100 000,00 | 858 000,00 | 3 087 106,00 | 2 289 000,00 |

* all unfunded mandated have become funded therefore this indicator was eliminated in 2006-2007



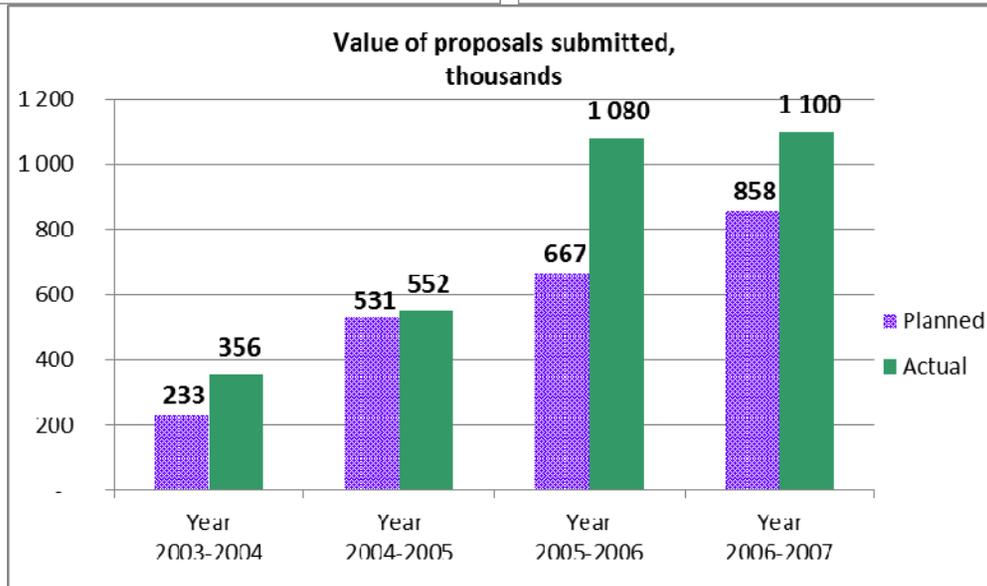
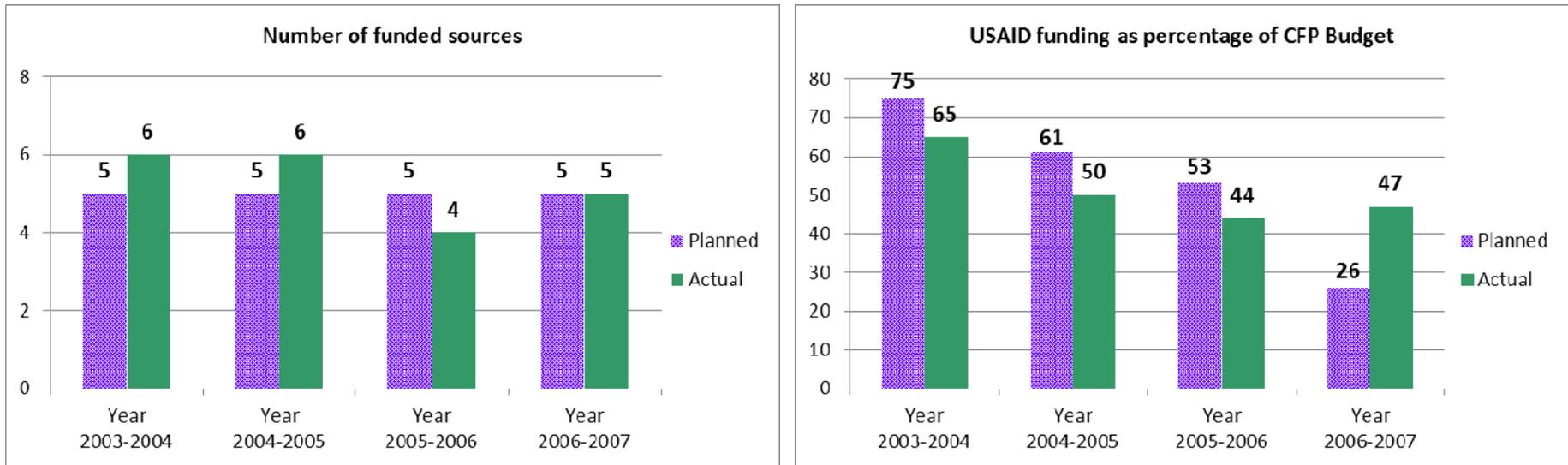


Table 2. Performance Indicators 2007-2011

| Performance Indicators | Year 2006-2007 | | Year 2007-2008 | | Year 2008-2009 | | Year 2009-2010 | | Year 2010-2011 | | Total | |
|--|----------------|---------|----------------|---------|----------------|---------|----------------|---------|----------------|---------|--------|---------|
| | Actual | Planned | Actual | Planned |
| Share of own revenues in total local governments' revenues | 39.60% | 35% | 40.20% | 40% | 44.7% | 45% | 27.7% | 50% | 32.9% | 33% | N/A | N/A |
| Number of federal, regional and local legal acts drafted with the participation of the CFP | 35 | 35 | 30 | 30 | 30 | 30 | 22 | 30 | 25 | 25 | 142 | 150 |
| Number of regional and local governments which received CFP in depth policy advice | 10** | 6 | 7*** | 5 | 7**** | 5 | 6***** | 5 | 3***** | 3 | 33 | 24 |
| Number of regional and local government officials trained in budget policy and intergovernmental relations | 2600 | 480 | 1100 | 400 | 1000 | 400 | 1530 | 400 | 362 | 300 | 6592 | 1980 |
| Number of services provided by regional and local governments for which performance measures were introduced with CFP assistance | 11 | 11 | 30 | 30 | 70 | 50 | 70 | 70 | 18 | 20 | 199 | 181 |

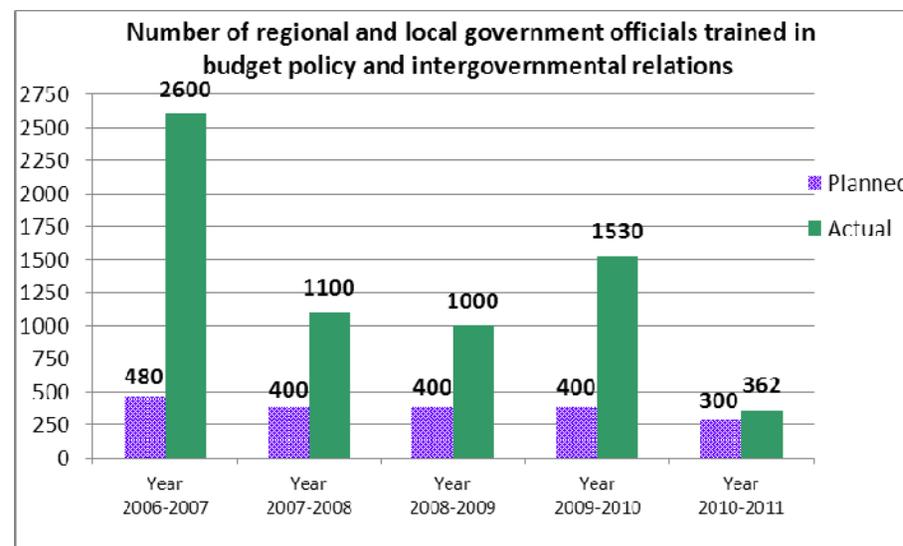
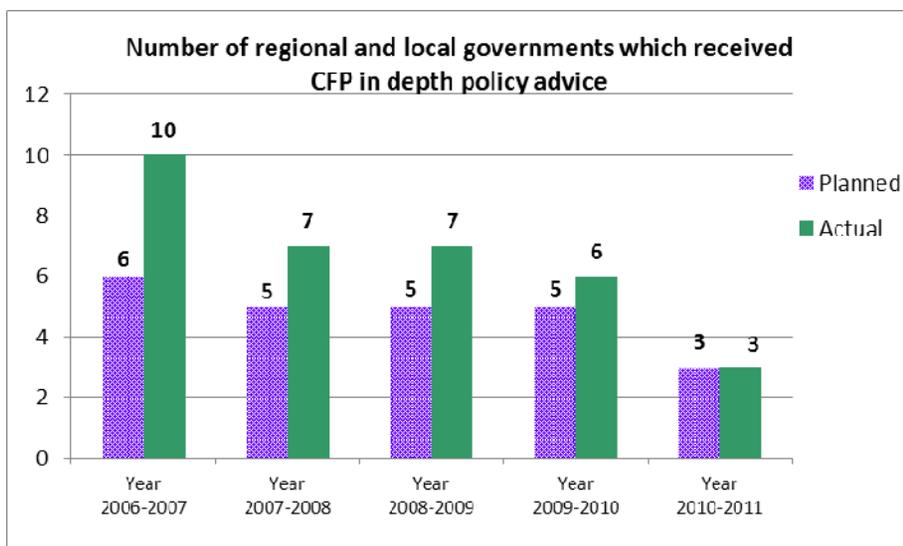
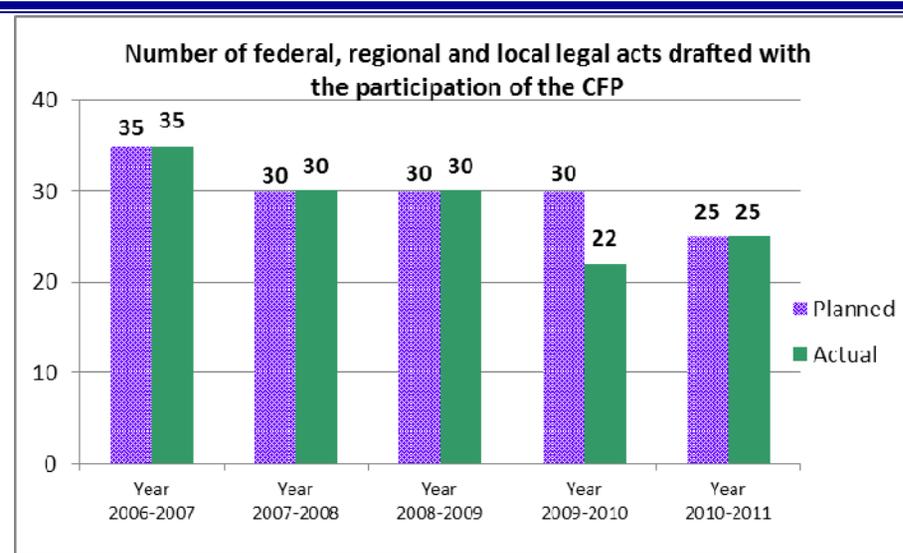
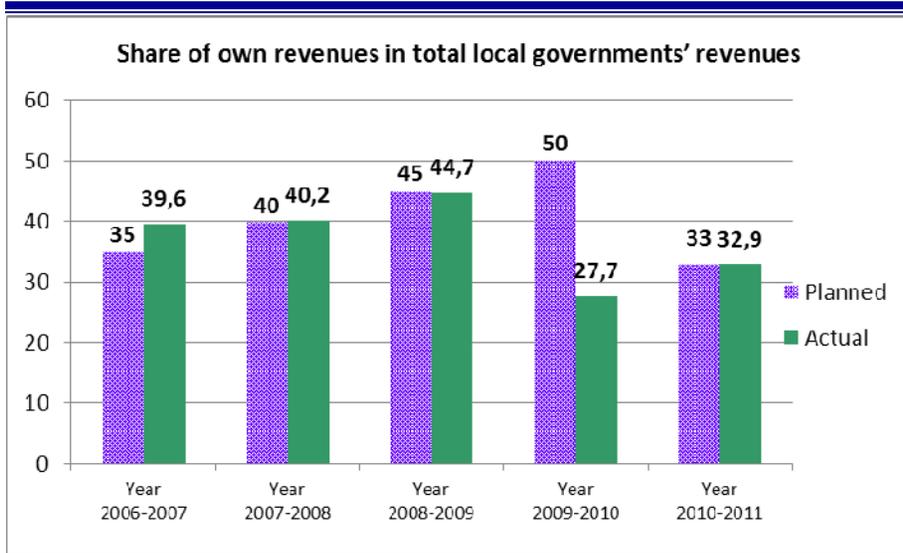
** Tula, Perm, Stavropol, Smolensk, Volgograd, Chita, Astrakhan, Kabarda-Balkar Republic, Karachay-Cherkessia, Adygea

*** Republic of Dagestan, Kabarda-Balkar Republic, Republic of Adygea, North Ossetia, City of Petropavlovsk-Kamchatsky, City of Ussuriisk, City of Artem

**** Republic of Chechnya, Republic of Dagestan, Republic of North Ossetia-Alania, City of Vladikavkaz, City of Blagoveshchensk, City of Vladivostok, City of Nalchik

***** Kabarda-Balkar Republic, Republic of Adygea, Kamchatka Krai, Irkutsk Oblast, Amur Oblast, City of Blagoveshchensk

***** City of Nevinomyssk, Sakhalin Oblast, Amur Oblast



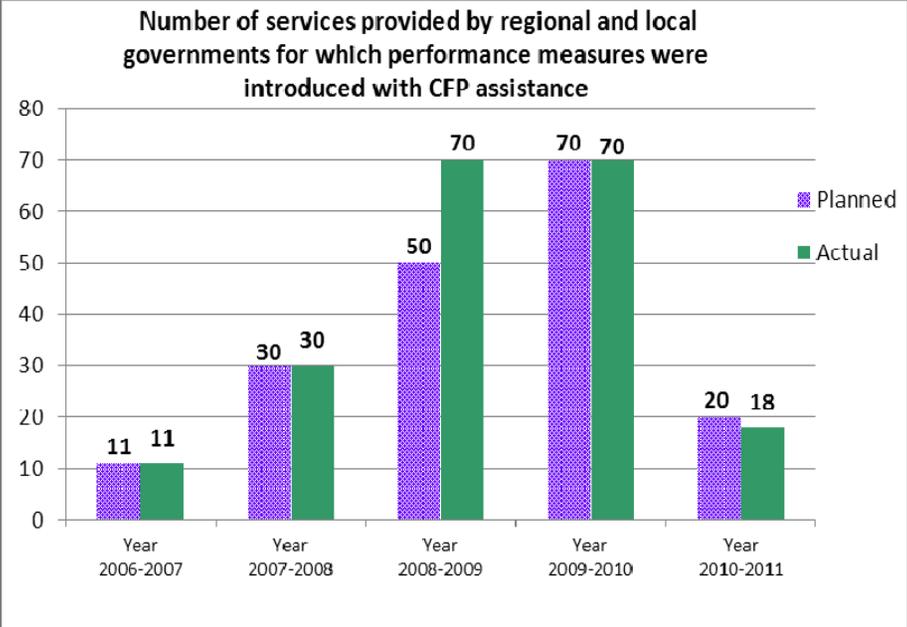
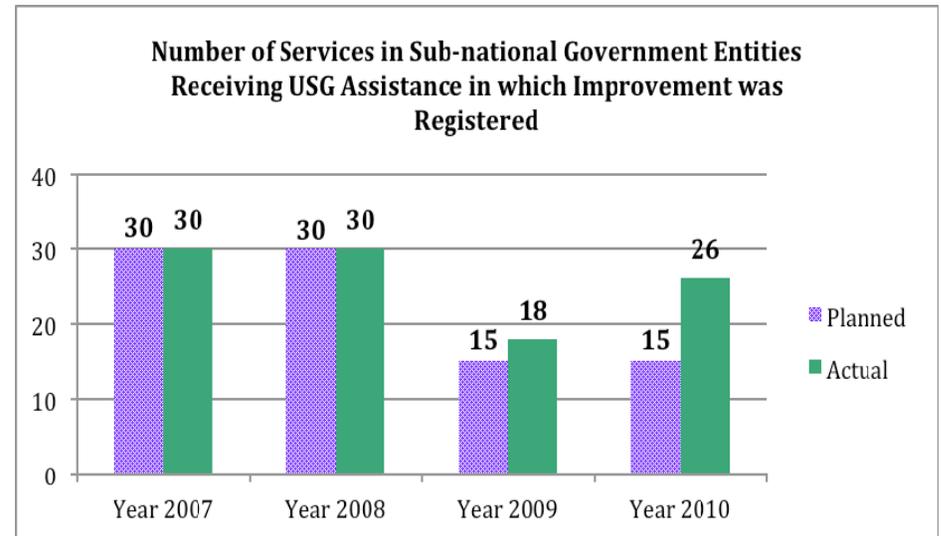
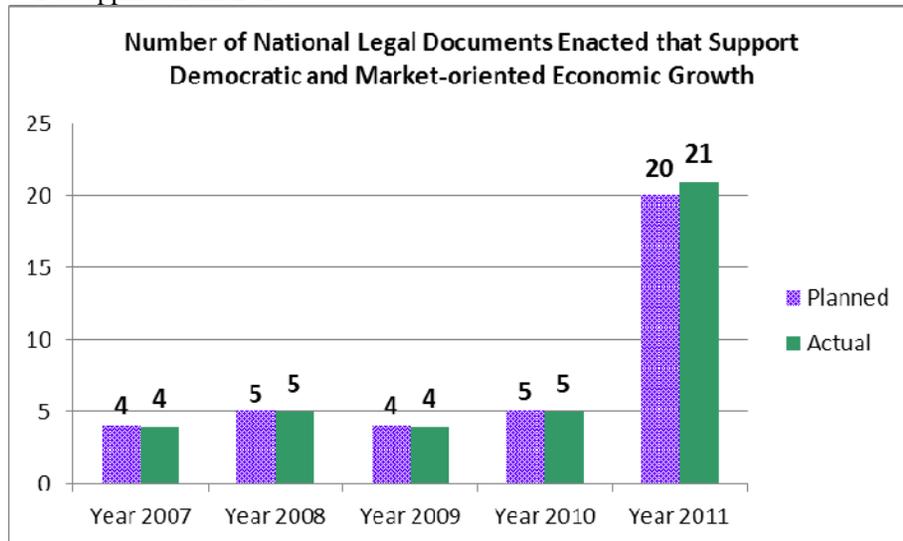


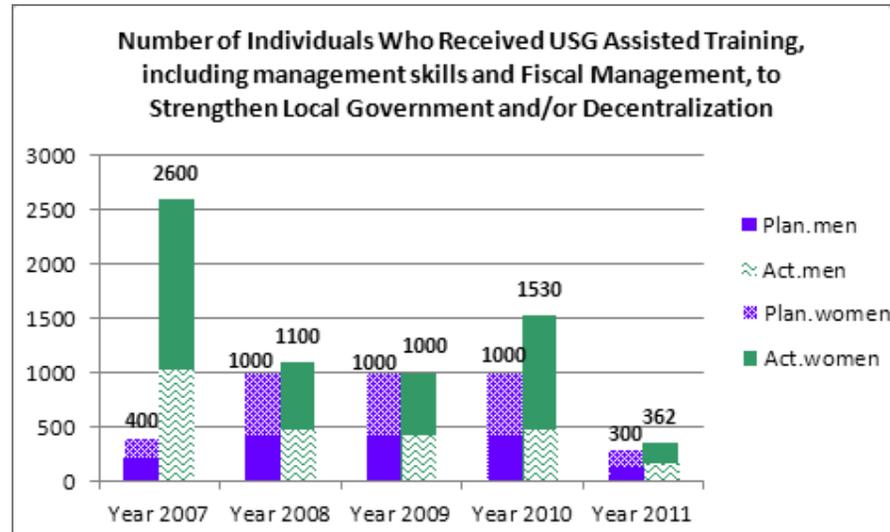
Table 3. F Indicators

| F Indicators | 2007 | | 2008 | | 2009 | | 2010 | | 2011 | | Total | |
|---|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|
| | Actual | Planned |
| Number of National Legal Documents Enacted that Support Democratic and Market-oriented Economic Growth* | 4 | 4 | 5 | 5 | 4 | 4 | 5 | 5 | 21 | 20 | 39 | 38 |
| Number of Services in Sub-national Government Entities Receiving USG Assistance in which Improvement was Registered ** | 30 | 30 | 30 | 30 | 18 | 15 | 26 | 15 | | | 104 | 90 |
| Number of Individuals Who Received USG Assisted Training, including management skills and Fiscal Management, to Strengthen Local Government and/or Decentralization | 2600 | 400 | 1100 | 1000 | 1000 | 1000 | 1530 | 1000 | 362 | 300 | 6592 | 3700 |
| Women | 1600 | | 640 | 600 | 600 | 600 | 1070 | 600 | 217 | 180 | 4127 | 1800 |
| Men | 1000 | | 460 | 400 | 400 | 400 | 460 | 400 | 145 | 120 | 2465 | 1200 |

*Number of Laws or Amendments Promoting Decentralization and Drafted with USG Assistance (from 2010)

**Not applied from 2010





Part I. Technical Assistance

Component One (2003 – 2007)

Background

CFP started the Program in 2003. Before that the fiscal system of the Russian Federation had passed the following stages.

I. 1991-1993 - a period of "chaotic decentralization" of budget resources, during which the share of the subnational budgets in total public expenditure significantly increased. In this period a number of federal laws introduced the basic principles of fiscal federalism; however none of them was implemented in full. The evolution of intergovernmental fiscal relations went beyond the scope of legislative regulation and became a matter of political conjuncture, conflict and compromise between the federal Centre and regions.

II. In 1994-1995 a number of reforms were implemented with the objective of putting in order the financial relations between the federal Centre and regions. Uniform rates were introduced for sharing the main federal taxes with the regions, the Fund for equalizing revenue capacity of regions was established, and the tax entitlements of regional and local authorities were extended. The fiscal system created in this period partially corresponded, at least superficially, to the fiscal system of developed federative countries; however it had no correspondingly strong legislative base.

The different statuses for the regions, and the possibility of different models in relations between them and the Federation, led to an intensive process of negotiated distribution of powers, with individual bilateral treaties which in 1994-1998 covered almost half of the regions. The most visible negative consequences of this "individual approach" became the special tax and budget "status" of two Russian regions - Tatarstan and Bashkortostan.

III. The next three years (1996-1998) were marked by increasingly serious crisis in intergovernmental fiscal relations (henceforth IGFR) and regional public finance, and increasingly vague and political bargain-driven distribution of financial resources between the central government and the regions; barter (non-cash) schemes of budget execution dominated on all levels of government, wage arrears had reached critical degree, and the debts of regional and local budgets increased sharply.

IV. 1999-2001 represented the fourth stage of development of the fiscal system and IGFR. In 1999 the first part of the Tax Code and in 2000 the Budget Code were enacted. This had demonstrated the strong intentions of the federal Government to strengthen the mechanisms of control and management of budgets at all levels, and to speed up reform of intergovernmental fiscal relations.

This stage of IGFR reform was marked by the first medium-term GOR program for reforming the system of intergovernmental fiscal relations. Its ambitious goals included improving the efficiency and effectiveness of the management of subnational public finance, equalizing access to public goods across the regions, and accelerating regional development. Unfortunately, these goals had not been not fully attained within the program's time frame. The key changes introduced by the government IGFR reform program had been an equalization formula, elimination of some federal mandates and rules for regional governments to follow when conducting their fiscal affairs with municipalities.

However the official legal system of intergovernmental relations remained excessively centralized even for a unitary state. The absence of legislatively established powers on

management of public finance meant an absence of legal responsibility for its outcome and, as a corollary, made it possible to make decisions on principles of "political expediency". The expenditures of subnational budgets were overloaded with "federal mandates" (wages, social allowances, privileges, various specifications), the major share of their revenues consisting of deductions from federal taxes and financial help (including those distributed on an informal and subjective basis); there was a sharp and obvious imbalance between expenditure obligations imposed "from above", and the resources to finance them.

The problems evolving at the level of "Federation - regions" had been replicated at the level of "regions - municipalities". The lack of transparency of regional and local extra-budgetary funds and the absence of control over the cash flows of these funds and extra-budgetary accounts of public entities also constituted important problems. The need for uniform methods of budget accounting and control across the country required improvement in the technique of accounting and reporting, the disclosure of information, and accountability.

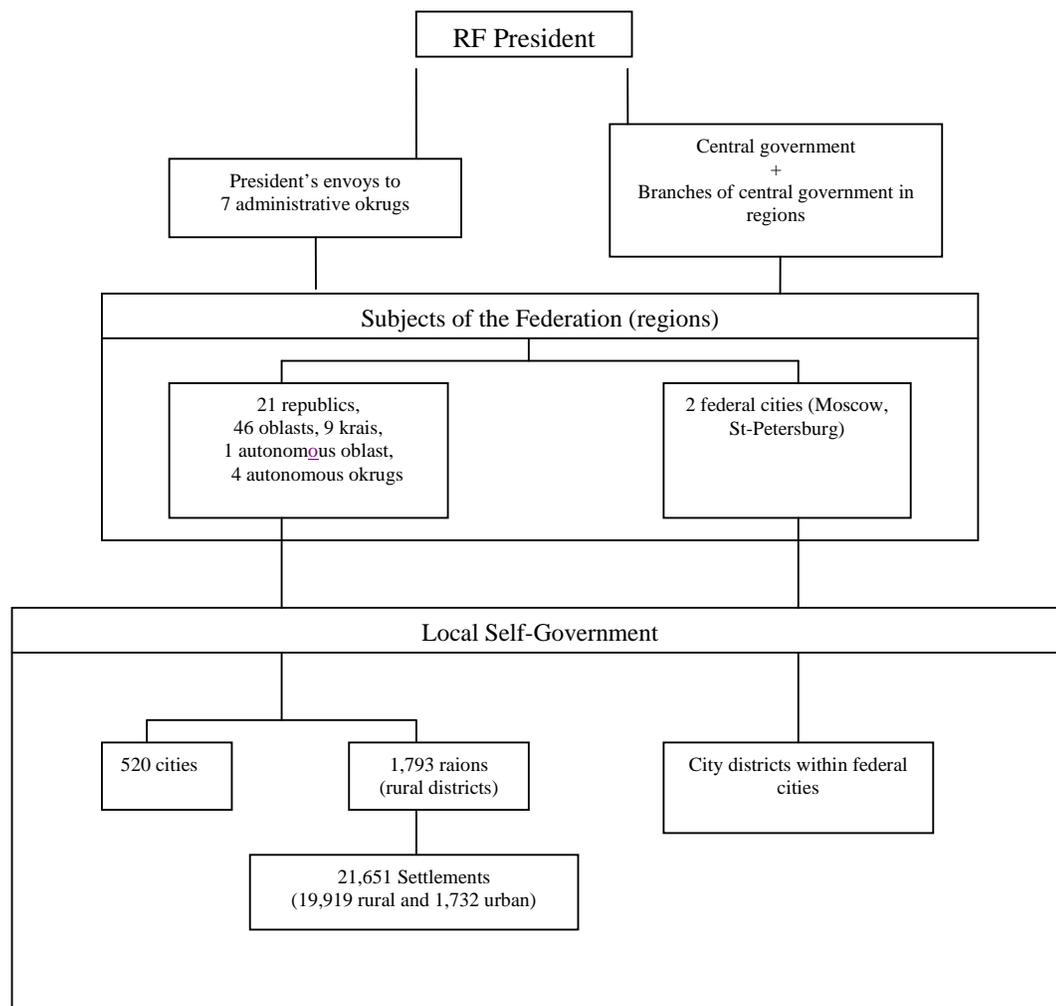
The need for legal support of fiscal reform had caused rapid growth of legislative activity at both federal and subnational levels. However, over-fast and unsystematic development of the legislation also had negative consequences, which were visible in the large number of inconsistencies - in particular when dealing with the problem of the responsibility and economic rights (entitlements) of different public entities and authorities. A substantial proportion of laws were either totally ineffective or partially not fulfilled.

In 2002, the federal government launched a broad administrative and local self-government reform which also included a new round of intergovernmental reforms. The main objectives of these reforms were

- To improve local governance
- To clarify assignment of powers across tiers of government
- To eliminate unfunded federal (and regional) mandates
- To establish transparent and fair allocation of federal and regional intergovernmental transfers
- To improve public financial management in subnational governments

Between 2000 and 2003, CFP had already actively participated in IGFR policy advice to the federal government and its implementation at the request of regional governments.

Figure 1. Russian Federation’s Federal Structure



In the course of Component One implementation, CFP provided technical assistance to the State Duma, Council of Federation, RF Accounts Chamber, Office of the RF President, RF Ministry of Finance, RF Ministry of Regional Development, and RF Ministry of Economy. The pilot regions that received TA from CFP are listed in Table 4 CFP conducted a series of regional and inter-regional information and practical seminars attended by representatives of practically all Russian regions.

Table 4. Component One: Pilot Regions

| Component One Pilot Regions | |
|-----------------------------|-----------------------|
| 2003-2004 | |
| | Stavropol Krai |
| | Tyumen Oblast |
| | Republic of Tatarstan |
| | Chita Oblast |

| |
|--|
| Republic of Buryatia Volgograd Oblast Magadan Oblast |
| 2004-2005 |
| Republic of Karelia (Nadvoitsy Settlement), Sverdlovsk Oblast (Municipal City Kamensk-Uralsky), Irkutsk Oblast (Shelekhov Municipal City) Irkutsk Oblast Republic of Mari El Volgograd Oblast Perm Oblast Stavropol Krai Chita Oblast |
| 2005-2006 |
| Republic of Karelia (Nadvoitsy Settlement), Sverdlovsk Oblast (Municipal City Kamensk-Uralsky), Irkutsk Oblast (Shelekhov Municipal City) Irkutsk Oblast Smolensk Oblast Republic of Karelia Chita Oblast Amur Oblast Republic of Komi |
| 2006-2007 |
| Stavropol Krai Tula Oblast Perm Oblast Smolensk Oblast Volgograd Oblast Chita Oblast Astrakhan Oblast Karachay-Cherkessia |

Main Problems Addressed

The *problems* or *concerns* to be addressed in the course of Component One implementation included:

- Lack of autonomy of sub-national governments due to an overwhelming scope of federal government regulation over regional and local functions, the highly centralized practice of assignment of expenditure responsibilities and revenue sources and numerous unfunded mandates that were imposed by the federal government on sub-national authorities without necessary financial resources;
- Lack of efficiency, accountability and transparency of public spending at all levels of the budgetary system, low quality of public services and the need to establish a systematic and rational approach to the budgetary process in Russia including implementation of

performance-based and multi-year budgeting, improvement of budget execution and development of effective and transparent system of budget control.

Specific Objectives of Technical Assistance

To address the problems above, the following *specific objectives* were determined:

1. Clearly assign revenue sources and expenditure obligations across levels of government; eliminate unfunded mandates
2. Make formula-based intergovernmental transfers between federation and regions more transparent, introduce transparency into intergovernmental relations between regions and municipalities
3. Assign stable revenue sources and adequate responsibilities to municipalities, recognize diversity of municipalities' types
4. Review government spending on federal and regional levels, suggest improvements in management of public resources
5. Introduce performance-oriented budgeting into the practices of federal, regional and local governments

Technical assistance within the Program specific objectives was provided by CFP both at the federal and sub-national level. It was provided in the form of development of proposals on amending federal and regional tax and budget legislation, provision of methodological assistance and development of analytical reports, advising on IGFR policy and related issues through participation in public discussions, round tables, government and non-government committees and workgroups, development and running training programs for state and local government officials.

TA Provided to Resolve the Problems

1. Clearly assign revenue sources and expenditure obligations across levels of government; eliminate unfunded mandates

By 2003, the budgetary system in Russia was extremely centralized and volatile. Ninety percent of tax revenue was assigned to and collected at the federal level, while the shares of redistribution to regional governments were fixed. The whole system of redistribution, including the formula for distribution federal funds to regional budgets, was subject to frequent changes. While one of the ultimate goals of the government IGFR reform was to assign a larger portion of tax revenues to the subnational governments and provide them with taxation authorities, the immediate targets included a clearer assignment of revenue sources and spending responsibilities across the tiers of government and elimination of unfunded mandates that the federal government imposed on the regional and municipal budgets and that caused severe problems to the social safety net system in Russia. The majority of the so-called "social guarantees" (i.e., unfunded mandates) the federal and sub-national governments were not able to execute due to the lack of funds.

CFP's activities were aimed at clearer assignment of revenue sources and spending authorities among all levels of government and elimination of unfunded mandates, improvement of fiscal capacity equalization procedure.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|--|--|
| Assist in better assignment of revenue sources and expenditure responsibilities, draft amendments to federal and regional legislation to that effect | <p>Analytical report on assessment of current assignment of revenue sources and expenditure responsibilities and suggestions on how to improve this assignment, submitted to the Presidential Commission on Federative Relations and Local Self-Governance. (2003)</p> <p>Amendments to the RF Budget Code assigning revenue and spending powers across levels of government submitted to the Presidential Commission on Federative Relations and Local Self-Governance (Attachment 1, I, # 1) (2004)</p> <p>Amendments to the RF Tax Code assigning revenue powers across levels of government submitted to the Presidential Commission on Federative Relations and Local Self-Governance (Attachment 1, I, # 2-5) (2003-2004)</p> <p>Amendments to the federal law “On General Principles Underlying Organization of Local Self-Governance in the Russian Federation” (# 131-FZ), submitted to the Presidential Commission on Federative Relations and Local Self-Governance (Attachment 1, I, # 6) (2004)</p> <p>Methodological Recommendations to RF Subjects and Municipalities on Regulation of Intergovernmental Fiscal Relations developed and submitted to the Ministry of Finance of the Russian Federation (2003)</p> |
| Identify unfunded mandates and advocate their elimination | <p>Analytical report on federal mandates identification and recommendations concerning which mandates could be financed by the federal government and which had to be abolished, submitted to the Presidential Commission on Federative Relations and Local Self-Governance. (2003)</p> <p>Draft amendments to federal laws eliminating unfunded mandates , submitted to the Presidential Commission on Federative Relations and Local Self-Governance (Attachment 1, I, #7) (2004)</p> |
| Develop analytical papers on the quantification of changes in expenditure responsibilities and revenue sources of different levels of government | Analytical reports on the quantification of changes in expenditure responsibilities and revenue sources of different levels of the Russian budgetary system prepared and submitted to the Accounts Chamber, the Ministry of Finance of the Russian Federation and the Council of Federation (2003-2004) |
| Improve capacity of government officials in assignment of revenue sources and expenditure obligations across levels of government and elimination of unfunded mandates | Presentations on the best practice in assignment of revenue sources and expenditure obligations across levels of government and elimination of unfunded mandates were included into CFP training events (2003-2007) |

Results

- Spending powers have been clearly assigned across levels of government in federal laws on general principles of regional governance #183-FZ and on general principles of local self-governance #131-FZ. Expenditure obligations have been reassigned across levels of government in accordance with best international practices (reflecting principles of subsidiarity, economy of scale, spillover effect, efficiency of government spending).

- Federal, regional and local taxes have been clearly assigned to every level of government in the Tax Code. Unified portions of federal taxes shared with sub-national governments have been fixed in the Budget Code. The revenue sources have been assigned across levels of governments in accordance with best international practices (reflecting stability of tax proceeds, economic efficiency of tax base, tax base mobility, disparity of tax base across Russia, redistribution function, tax proceeds migration).
- Major unfunded mandates have been eliminated by the federal law which introduced amendments to 152 and cancelled 41 federal laws containing unfunded mandates. The amendments to the Budget Code and the law on general principles of regional governance required that funding be provided in cases where one level of government imposed spending obligations on another level of government, thereby abolishing unfunded mandates.
- Government officials improved their capacity in assignment of revenue sources and expenditure obligations across levels of government and elimination of unfunded mandates due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

2. Make the formula for allocation of federal intergovernmental transfers to regions less complicated and more transparent, introduce transparency into intergovernmental relations between regions and municipalities

In view of the fact that in Russia the federal government intended to retain its control over sub-national public finance system, intergovernmental transfers became a way to channel money into regional and local budgets in order to resolve the imbalance between the expenditure responsibilities of sub-national governments and their revenue raising powers. To make them more predictable and transparent, a formula with a set of indicators and coefficients was developed (the intergovernmental transfers formula). However, it was very complicated and subject to annual changes.

To make the intergovernmental transfers formula more predictable and straightforward, CFP reviewed international experience, developed a number of methodologies and provided practical advice on its implementation.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|--|
| Improve methodology for allocation of federal transfers | <p>Methodology for the evaluation of the tax capacity of a region based on the representative tax system developed and submitted to the Ministry of Finance of the Russian Federation (2005)</p> <p>Requirements to statistics regarding tax capacity evaluation and the Budget Expenditure Index developed and submitted to the Ministry of Finance of the Russian Federation (2005)</p> <p>Recommendations on improving the calculation of the Budget Expenditure Index (based on the economic classification) were developed and submitted to the Ministry of Finance of the Russian Federation (2005)</p> <p>Methodology for the allocation of federal earmarked matching transfers in support of regional social expenditures was developed and submitted to the Ministry of Finance of the Russian Federation (2006)</p> |

| | |
|--|---|
| <p>Develop a formalized methodology for allocation of regional transfers</p> | <p>Expertize of regional legislation on local self-governance and budgeting process in the following regions (2003-2007):</p> <ul style="list-style-type: none"> • Astrakhan Oblast, • Republic of Buryatia, • Stavropol Krai, • Volgograd Oblast, • Republic of Tatarstan, • Karachai-Circassian Republic, • Tyumen Oblast, • Smolensk Oblast, • Republic of Karelia, • Chita Oblast, • Irkutsk Oblast • Magadan Oblast <p>Recommendations and advice on implementation of the local self-governance reform including the assignment of expenditure responsibilities between municipalities and subjects of the Russian Federation and maintenance of register of expenditure responsibilities provided to the following local self-governments (2004-2006):</p> <ul style="list-style-type: none"> • Shelekhov municipal raion (Irkutsk Oblast) • Shelekhov city district (Irkutsk Oblast) • Kamensk-Uralsky city district (Sverdlovsk Oblast) • Segezha municipal raion (Republic of Karelia) • Nadvoitsy city settlement (Republic of Karelia) |
| <p>Improve intergovernmental relations at sub-national level</p> | <p>Laws on intergovernmental fiscal relations in 40 regions of the Russian Federation revised and recommendations for their improvement submitted to governments of the relevant regions (2005).</p> <p>The report on the comparative analysis of intergovernmental arrangements in different regions submitted to the RF Ministry of Finance (2005)</p> <p>Draft laws on intergovernmental fiscal relations for the governments of the following regions developed (Attachment 1, II-III) (2005-2007):</p> <ul style="list-style-type: none"> • Amur Oblast • Republic of Buryatia, • Karachai-Circassian Republic, • Stavropol Krai, • Astrakhan Oblast, • Volgograd Oblast, • Magadan Oblast, • Perm Oblast, • Smolensk Oblast, • Tula Oblast, • Chita Oblast |
| <p>Increase efficiency of intergovernmental equalization</p> | <p>A review of international experience in the field of assignment of powers across levels of government and equalization transfers in federal states developed and recommendations on acquiring the best international practice submitted to the RF Ministry of Finance (2003)</p> <p>A review of international experience in equalizing subnational capacity for territorial development developed and recommendations on acquiring the best international practice submitted to the RF Ministry for Regional Development (2007)</p> |

| | |
|--|--|
| Improve capacity of government officials in making the formula for allocation of federal intergovernmental transfers to regions less complicated and more transparent and introducing transparency into intergovernmental relations between regions and municipalities | Presentations on the best practice in making the formula for allocation of federal intergovernmental transfers to regions less complicated and more transparent and introducing transparency into intergovernmental relations between regions and municipalities were included into CFP training (2003-2007) |
|--|--|

Results

- The formula for allocation of federal equalization transfers has been improved by incorporation of two major indicators: the Tax Capacity Index and the Budget Expenditure Costs Index. These indices could not be negotiated by regional governments with the federal Ministry of Finance and stopped the practice of intergovernmental negotiations in the area. At the same time the amount of a transfer due to a region could be double-checked independently by regions using the data placed on the Ministry of Finance website.
- Federal earmarked matching transfers in support of regional social expenditures started to be allocated according to the formula. The parameters of the formula became transparent and clear to regions. The amount of this kind of a transfer ceased to be negotiable.
- In regions where CFP provided its technical assistance the allocation of transfers from regional to municipal governments became transparent and clear to municipal governments. The amount of a transfer due to a municipality could be double-checked independently by municipalities using the data published by regional government. The amount of equalization transfer ceased to be negotiable.
- Government officials improved their capacity in making the formula for allocation of federal intergovernmental transfers to regions less complicated and more transparent and introducing transparency into intergovernmental relations between regions and municipalities due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

3. Assign stable revenue sources and adequate responsibilities to municipalities, recognize diversity of municipalities' types

Clarity and stability of assignment of expenditure responsibilities is essential to the efficient delivery of public services to citizens. However, in most Russian regions, the assignment of expenditure responsibilities between the regional and local levels was not clearly stated by regional legislation. Therefore expenditure responsibilities varied significantly between regions and from year to year. To address the situation, the legislation had to be developed for clear and transparent delineation of expenditure responsibilities between the regional and local levels

CFP estimated changes in expenditure responsibilities and revenue sources of regional governments following new IGFR legislation. It also assisted regional governments to analyze and assess various scenarios for additional shares of regional taxes to be assigned to municipalities on a permanent or at least long-term basis.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|--|--|
| Assist federal government in estimating the impact of new IGFR legislation | Methodology for Estimating Municipal Raion (City District) Consolidated Fiscal Capacity developed and submitted to the Ministry |

| | |
|--|--|
| | <p>of Economic Development and Trade of the Russian Federation (2006)</p> <p>Assistance to Accounts Chamber in estimating the impact of changes in expenditure responsibilities and revenue sources of all regional governments after January 1, 2005, when Federal Law # 95-FZ of July 7, 2003, "On Amendments and Changes to the Federal Law 'On General Principles of Organization of Legislative (Representative) and Executive Bodies of State Power in the Subjects of the Russian Federation'" was to come into force (2007)</p> |
| Develop regional legislation on intergovernmental relations and subnational finances | Model regional law "On Delegation of Mandates to Local Self-government Regarding Financial Support of Education Process and Housing and Utilities Earmarked Allowances" developed (Attachment 1, III, # 18) (2006) |
| Develop IGFR models for forecasting tax revenues and allocation of funds of financial support to the three types of municipalities | <p>The following model regional IGFR models developed (2005-2006):</p> <ul style="list-style-type: none"> • forecasting tax revenues into the consolidated budget of a region; • allocation of regional fund for financial support of settlements; • allocation of raion fund for financial support of settlements; • estimation of municipal raion expenditure needs; • allocation of regional fund for financial support of raions; • estimation of changed financial liabilities of the tier of the budgetary system after new legislation comes into force <p>Methodologies for the allocation of regional funds for financial support of municipal raions (city districts) and regional funds for financial support of settlements developed for the following regions (used for financial support of municipalities in 2006) (2005):</p> <ul style="list-style-type: none"> • Stavropol Krai, • Volgograd Oblast, • Magadan Oblast, • Perm Oblast, • Smolensk Oblast, • Chita Oblast • Karelia Republic • Republic of Komi • Amur Oblast • Republic of Mari El |
| Improve capacity of government officials in assigning stable revenue sources and adequate responsibilities to municipalities, recognize diversity of municipalities' types | Presentations on the best practice in assigning stable revenue sources and adequate responsibilities to municipalities, recognize diversity of municipalities' types were included into CFP training events (2003-2007) |

Results

- The diversity of sub-regional governments was recognized: federal law on local self-governance divided all sub-regional administrations into three types of municipalities:
 - Cities (City District)
 - Rural districts (Municipal Raion)
 - Towns and villages (Urban and Rural Settlements)

This was important for the assignment of revenue and spending powers to municipalities in accordance with their economic and administrative capacity.

- Each type of municipality was assigned by federal law with adequate spending powers and revenue sources.
- Regions where CFP provided its technical assistance assigned additional shares of regional taxes to municipalities on a permanent or long-term basis.
- Government officials improved their capacity assigning stable revenue sources and adequate responsibilities to municipalities, recognize diversity of municipalities' types due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

4. Review government spending on federal and regional levels, suggest improvements in management of public resources

In 2001 – 2002, CFP conducted several public expenditure reviews at the request of the RF Ministry of Finance. The analyses of federal government spending on the road sector, R&D, the judiciary and penal system and others were carried out in 2001 and were followed in 2002 by the development of measuring criteria for expenditure needs of spending units. PERs are one of the major tools to improve the quality of public spending and to focus it on social and economic outcomes.

Following the Ministry of Finance example to conduct a public expenditure review (PER) of public spending, regional governments also decided to take steps to improve efficiency of public expenditures at the subnational level. The interest of the regions in conducting such assessments was two-fold: first and foremost, the regions saw PERs as an instrument to optimize spending, improve the availability of services, and cut down inefficient expenses; and second, they considered PERs as a tool to assess in a transparent and objective way spending needs of localities that depend on equalization transfers from regional governments.

CFP drafted methodologies for monitoring financial situation in RF regions and conducting public expenditure reviews; it also conducted PERs in several RF regions.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|---|
| Develop recommendations for monitoring financial situation in regions | Methodology for monitoring financial situation in the subjects of the Russian Federation developed and submitted to the Ministry of Finance of the Russian Federation (2007) |
| Conduct public expenditure reviews in various sectors and develop methodological recommendations on PER procedure | <p>Methodological Recommendations on Conducting Public Expenditure Reviews in various sectors developed and submitted to the Ministry of Economic Development and Trade of the Russian Federation (2003)</p> <p>Public expenditures on health care reviewed in the following regions (2004-2005):</p> <ul style="list-style-type: none"> • Volgograd Oblast, • Stavropol Krai • Republic of Buryatia <p>Public expenditure on education reviewed in the following regions (2004-2005):</p> <ul style="list-style-type: none"> • Stavropol Krai, • Arkhangelsk Oblast, • Smolensk Oblast <p>Analytical paper on fiscal policy for Stavropol Krai Government developed (2006)</p> |

| | |
|--|--|
| Review performance-based budgeting practices in the Russian Federation | Recommendations on the enhancement of monitoring, analysis and audit procedures for the subjects of budget planning based on DRONDs for the RF Accounts Chamber (2007) |
| Review government spending on state institutions | Formula for calculating per capita financing standards for secondary professional education institutions finalized and submitted to the Ministry of Education of the Russian Federation (2006) |
| Assist in annual federal budget preparation effort | Explanatory Note to the Annual Budget Law of 2004 revised to add a performance dimension (2003) |
| Improve capacity of government officials in reviewing government spending on federal and regional levels and in managing of public resources | Presentations on the best practice in reviewing government spending on federal and regional levels and in managing of public resources were included into CFP training events (2003-2007) |

Results

- Public expenditure reviews and development of recommendations to optimize the public sector have been incorporated into practice of federal authorities (2003).
- The RF Government adopted the Concept of the Budget Process Reform that included an action plan to increase the effectiveness of public spending (2004-2006).
- Federal line ministries started to develop a document where the goals and objectives of their operation were stated as well as performance indicators that assigned financial resources across goals and objectives and provided an analysis of outputs and outcomes (Performance and Policy Reports of spending agencies – DRONDs) (2004).
- Principles of medium-term budgeting have been introduced at the federal level. In 2007, the federal three-year budget (2008 – 2010) was adopted.
- Amendments to the Budget Code allowing to apply performance-based budgeting to government spending institutions (2007).
- Government officials improved their capacity reviewing government spending on federal and regional levels and in managing of public resources due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

5. Introduce elements of performance-oriented budgeting into the practices of regional and local governments

To introduce elements of the performance-oriented budgeting the budgetary system should be predictable and sustainable regarding its revenues and expenditures. Without a clear understanding of the resources available for various programs, the line ministries will not become accountable for achieving results, since results will usually be seen over more than a one-year period. If line ministries do not know how on an annual basis their multi-year programs will be financed, they will not make any obligations on goals to be achieved.

Another necessary pre-condition for performance budgeting in Russia is precise assessment of the total amount of expenditure on a particular program, including capital and recurrent expenditure, and off-budget expenditures.

CFP's input in that area included developing approaches to medium-term expenditure framework, to accounting procedures for including off-budget revenues and formulating

suggestions on practical implementation of performance measurement in different sectors and analytical research to identify public spending performance criteria.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|--|
| Formulate suggestions on practical implementation of performance measurement | <p>Comments to draft budgets (2004 and 2006) concerning the incorporation of performance-based planning into the budgetary process were prepared and submitted to the Accounts Chamber, the Ministry of Finance of the Russian Federation and the Council of Federation (2003, 2005)</p> <p>Development of methodological approaches to criteria-based assessment of public spending performance based on a review of international experience in public sector procurement (Great Britain, Australia, New Zealand, USA, Republic of Korea and Canada) submitted to the Ministry of Finance (2003)</p> |
| Assist regional and municipal governments to approach to medium-term budgeting | <p>Recommendations and advice on implementation of medium-term forecasting of local government revenues and development of a medium-term budgeting projections in the following municipalities (2004-2005):</p> <ul style="list-style-type: none"> • Shelekhov municipal raion (Irkutsk Oblast) • Shelekhov city district (Irkutsk Oblast) • Kamensk-Uralsky city district (Sverdlovsk Oblast) • Segezha municipal raion (Republic of Karelia) • Nadvoitsy city settlement (Republic of Karelia) |
| Improve capacity of government officials in introducing elements of performance-oriented budgeting into the practices of regional and local governments | <p>Presentations on the best practice in introducing elements of performance-oriented budgeting into the practices of regional and local governments were included into CFP training events (2003-2007)</p> |

Results

- Regional and municipal governments have adopted the practice of Performance and Policy Reports (DRONDS) to be made by regional line ministries.
- Regional and municipal governments have embarked on medium-term budgeting projections (although with no budget law strength).
- In a number of regions and municipalities where CFP provided its technical assistance:
 - public expenditure reviews have been carried out and plans for the public sector optimization developed
 - elements of budget expenditures planning by outcomes have been introduced
 - monitoring of budget-supported investment projects has started
 - monitoring of public finance management has been introduced
- Transit to financing of public services instead of government institutions has started
- Government officials improved their capacity introducing elements of performance-oriented budgeting into the practices of regional and local governments to participation in CFP training seminars and round tables (for details see *Attachment 2*).

Lessons Learned

1. Federal officials, being interested in a radical change in the system of budget spending, cultivated trustworthy and partnership relations with the expert community. Open discussion of ideas that contradicted the official viewpoint was encouraged as well as brainstorming and the lack of fear of authority. The reform concept was developed in the atmosphere of genuine enthusiasm and the highest government officials and independent experts were equal in discussions. The united efforts of the most competent and progressive experts made it possible to overcome the resistance of the inert part of officials and change the initial course of the reform (aimed at strictly centralized intergovernmental fiscal relations) on diametrically opposite that advocated independence of each level of government. As a result, a community of like-minded people has developed in Russia who proposed decentralization of government and fiscal federalism.
2. Following the Duma and Presidential elections in 2003-2004, the role of the central government has increased dramatically and the space for public policy decreased to a major degree. Decentralization of government remains in question for many representatives of different spheres of Russian society. Abolishment of governor elections did not meet any open protests from governors or the civic society. Moreover, arguments for banning major elections were put forward.
3. The debates over intergovernmental relations served as a specific indicator of the degree of democracy in Russia. In our view, the most distinguishing trend of the 2003 - 2007 period was, perhaps, a transition from implicit approval or denial of need for decentralization to open and educated disputing. As a result of such large-scale open discussion the public understanding of the idea of decentralization has deepened and diversified.
4. The new delineation of responsibilities across levels of government as a result of intergovernmental reform, which brought most of the social spending under the regional power, created a need to concentrate on monitoring social policy on the regional level.
5. The results of CFP participation in drafting federal and regional regulations of intergovernmental relations have demonstrated not only the effectiveness and competence of the Center as a think tank, but also the growing role of Russian think tanks in the legislation process.
6. The demand in training of government officials and members of legislative bodies of all levels of government considerably increased in conjunction with the large amount of legal acts amended and newly approved due to IGR reform and due to increased number of Russian municipalities as a result of the local governance reform.
7. There were but a few Russian regions that recognized the necessity of a public finance management reform, the vast majority started the reforms under pressure of the federal center. However, both the first and the second were equally interested in obtaining technical assistance from CFP whose high professional level they recognized. High demand for CFP services was also explained by the fact that its experts were directly involved in the design of the reform concept and its legal framework and worked in close cooperation with regional governments.

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8. Before the assignment of expenditure responsibilities and adequate revenue sources across the tiers of government could take place, it was necessary to estimate all expenditure responsibilities and compare them with the total of revenue sources in the Russian Federation. It turned out that the liabilities to the citizens envisaged by Russian legislation were more than two times higher than the income that could be collected under the current tax system. Thus, a large portion of the social safety net remained only on paper. Therefore, the reduction of social obligations of the Russian governments was no less important than the assignment of expenditure responsibilities. The reduction resulted in social protests of those who had been deprived of hitherto guaranteed benefits.
 9. In pursuance of objectivity of the intergovernmental transfer allocation formula, all the factors with an impact on regional revenue base and all the factors affecting costs of regional expenditures were included into it and resulted in its significant complication and lack of transparency. On the other hand, if simplified, the formula would underestimate a number of factors that affected the size of the tax capacity of a region. Finding “the golden mean” turned out a separate problem to be resolved in the course of formula development.
 10. The current transfer formula needed further improvement, as it overestimated the revenue capacity of some regions and underestimated that of other regions. To improve it the federal government continued to reshape the formula every year, however thus far it had only reduced its predictability and transparency.
 11. The task of providing municipal governments with financial resources that would enable them to exercise their powers independently and of getting an approval from the municipal community to some revenue assignment option was extremely difficult. The diversification of revenue base of municipalities in Russia is even greater than at the regional level, so the proposed models of revenue assignment that benefited wealthy municipalities did not satisfy poor communities and vice versa. Even the subdivision of local governments into three types with revenue and expenditure powers assigned to each level could not completely satisfy all members of the municipal community.
 12. Public expenditure reviews carried out by independent experts at the federal level on the initiative of the RF Ministry of Finance in the first half of the 2000s not only received no support from the line agencies but were confronted with antagonism. The agencies under review refused to provide any information. As a result, the reviews had to be based on data available in the public domain that had only an indirect relationship to the subject under examination. PERs were also significantly hampered by the fact that the objectives of the agencies were not clearly stated anywhere. Experts had to use common sense to guess them. However, despite the obstacles PER results proved to be very interesting. It was for the first time that inefficiency of government spending had been substantiated with good reason.
 13. The budget process remained isolated from strategic planning; the multiyear budgeting stayed solely a paper exercise and was linked neither to the strategic planning nor to the annual budget process. Performance budgeting was still limited to declaring objectives and poorly correlated with the overall results of government activities and service delivery. Moreover, the reform was limited to the federal government only, and its spread to subnational governments, where the delivery of public services actually occurred, had hardly started yet. The link between performance objectives and budgeting remained very weak. The first steps towards performance oriented budgeting (POB) failed to achieve the ultimate goal, i.e. budgeting of government spending agencies in accordance with their performance results. Still, formulation of goals and objectives by government agencies

had changed the mentality of government officials who started to regard government spending goals not only as a mean to pay teachers and doctors but as a mean to teach schoolchildren and cure patients.



Component Two (2007 - 2012)

Background

The GOR intergovernmental reform was aimed at clarifying and reassigning responsibilities across levels of government —namely, social policy, education, health care, culture, protection of the environment, and response to emergency situations. The major problem in intergovernmental relations from regions' and localities' perspective was the lack of funding for expenditures assigned to them. Unreasonable and excessive expenditure obligations set by the federal legislation stayed a heavy burden for all tiers of government.

The logic behind the reform was that the federal government should stop regulating how regions and municipalities executed the powers assigned to them. To some extent, the elimination of unfunded mandates was achieved by providing funding for them. To provide adequate funding for the mandates, which from 2005 were referred to as federal functions delegated to the regional level, the federal government reduced the regions' shares of federal taxes and then transferred those revenues back to the regions as special-purpose transfers. Another way of eliminating unfunded federal mandates was by limiting federal regulation on social policy issues. However to reduce the level of social standards appeared to be a rather unpopular act of a regional government and hardly any of them had undertaken such a step.

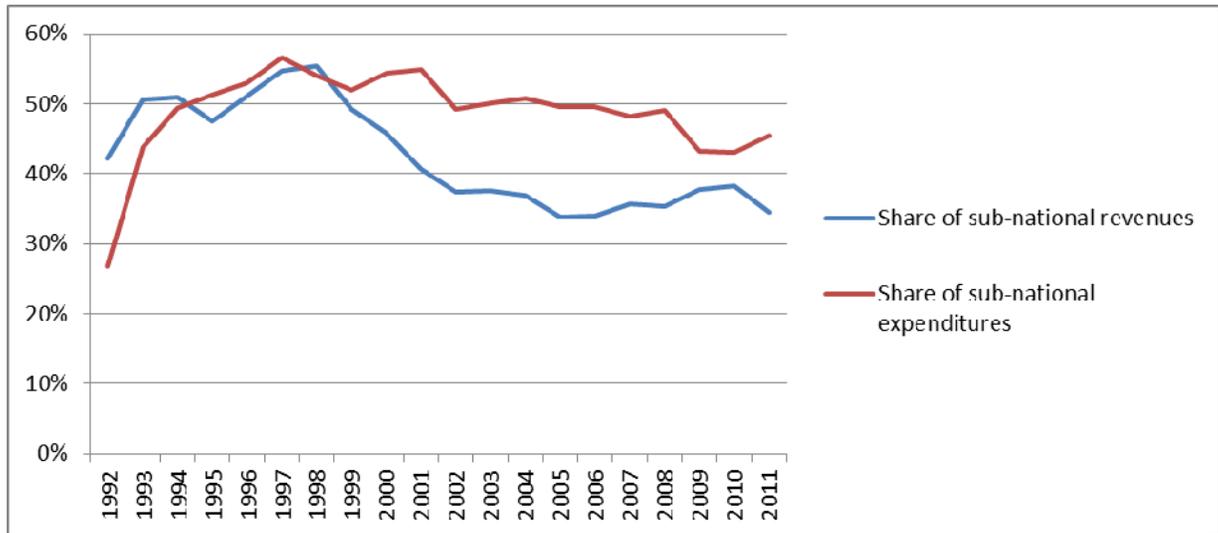
The changes in revenue assignment reflecting changes in expenditure assignment were fixed in the legislation. Assignment of stable revenue sources was a step toward having a more steady and transparent revenue assignment system compared with the previous one. However, as a result the share of subnational expenditures remained unchanged, while the share of subnational revenues shrank.

The intergovernmental reform did not propose any significant modifications to the grant allocation formula introduced in 2001, but to make the formula more transparent and clear it was subject to annual modifications. The rules for computing the amount of equalization transfer to each region changed every year, hence preventing the regions from making medium-term projections of their revenues. Same policy was followed by regional governments regarding transfers to municipalities.

Thus, the major outcomes of the reform were to clarify and reassign revenue and expenditure assignment, eliminate unfunded mandates, incorporate the rules for equalization transfers both to the regions and municipalities into the Budget Code rather than determine them on the basis of negotiations. Unfortunately the reform did not propose any other steps to move subnational governments closer to fiscal autonomy. The federal government did not intend to grant subnational governments the right to introduce their own taxes or piggyback their taxes on federal ones, nor did it intend to share its tax administration authority with subnational governments.

Another aspect of the fiscal reform was aimed to improve public finance management and increase the transparency of financial operations at the federal level and to encouraging regional and municipal governments to do the same. The improvements covered introducing multi-year budgeting, steps towards performance oriented budgeting, prudent debt policy etc. The federal government had introduced rewards to regions and municipalities that made the biggest progress in their public finance management practices. As a result the whole number of regions assisted by experts started to introduce best practices of public finance management into their budgeting process.

Figure 2. Dynamics of Sub-national Fiscal Parameters



While working on Component Two, CFP rendered technical assistance to the State Duma, Council of Federation, RF Accounts Chamber, Office of the RF President, RF Ministry of Finance, RF Ministry of Regional Development and RF Ministry of Economy. The following pilot regions received TA from CFP are listed in Table 5 CFP conducted a series of regional and inter-regional information and practical seminars attended by representatives of practically all Russian regions.

Table 5. Component Two: Pilot Regions

| Component Two Pilot Regions | |
|---|--|
| 2007-2008 | |
| North Ossetia, City Petropavlovsk-Kamchatskiy, City Ussuriisk, City Artuyom | |
| 2008-2009 | |
| Republic of Chechnya, Republic of Dagestan, Republic of North Ossetia-Alania, City of Vladikavkaz, City of Nalchik City of Blagoveshensk, City of Vladivostok | |
| 2009-2010 | |
| Kabarda-Balkar Republic, Republic of Adygea Kamchatka Krai, | |

Irkutsk Oblast,
Amur Oblast,
City of Blagoveshensk

2010-2011

City of Nevinnomyssk (Stavropol Krai)
Sakhalin Olast

Main Problems Addressed

The *problems* or *concerns* to be addressed in the course of Component Two implementation included:

- Insufficient fiscal capacity of sub-national governments whose revenues depended heavily on federal taxes and transfers with the federal center regulating their spending responsibilities;
- Growing amount of funded federal mandates delegated to the sub-national level and heavily controlled by higher tiers of government;
- Lack of predictability and transparency of transfer allocation from regional to municipal governments;
- Budgeting and strategic planning remained two isolated processes with no multi-year dimension added to them; performance budgeting was limited to declaring objectives and poorly correlated with outputs and outcomes of government activities and service delivery;
- Budgeting for healthcare, education, social protection was taking form of granted funding for government institutions rather than funding oriented on public services delivery.

Specific Objectives of Technical Assistance

To address the problems above, the following *specific objectives* were determined:

1. Strengthen the fiscal autonomy of regional and local governments in Russia; increase their ability to regulate their revenues and expenditures
2. Increase transparency and strengthen the formalized design of intergovernmental transfers at all levels of government, bring regions' intergovernmental policy in line with the general principles of national fiscal policy
3. Integrate development strategies with medium-term budget process on federal and regional level
4. Improve the efficiency of public administration and the quality of public services they provide, especially in areas of education, health care, and the social safety net

To resolve the above problems and achieve the specific objectives CFP used the following implementation tools: (1) developed proposals on amendments to existing federal and regional legislation, (2) provided methodological assistance, carried out analytical research and developed training programs for government officials, (3) conducted "what if..." analysis to compare different policy options using CFP developed computer models, (4) provided policy advice through participation in public discussions, round tables, the operation of governmental and non-

governmental committees and workgroups, publication of articles in professional journals and (5) studied and promoted international best practices.

TA Provided to Resolve the Problems

1. Strengthen the fiscal autonomy of sub-national governments in Russia

In 2007, most sub-national governments continued to depend financially on transfers from higher levels of government. The lack of taxing powers at the sub-national level and instability of federal/regional equalization policies made the situation even worse. Localities with weak revenue base depended exclusively on fiscal transfers from the higher-level governments rather than on their tax base. As a result, their accountability before the electorate deteriorated.

CFP’s activities were aimed at making the revenue base of sub-national governments more stable and predictable, eliminating tax exemptions granted by the federal government and the remaining federal mandates, increasing accountability of sub-national governments and their dependence on local economic development.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|--|--|
| Advocate the policy of strengthening the taxing powers of sub-national governments | <p>Proposals aimed at strengthening the revenue capacity and revenue autonomy of subnational governments, developed for the Working Group “On Financial and Tax Issues and Intergovernmental Fiscal Relations” headed by Deputy Prime Minister A. Khloponin (set up on the initiative of the President) (2011)</p> <p>Draft resolution of Stavropol Krai government on evaluation of granted and planned tax incentives (Attachment 1, V, # 21) (2007)</p> <p>Assistance to the city of Vladikavkaz in assessment of effectiveness of tax privileges under the program of municipal finance reform (Attachment 1, VI, # 33) (2008)</p> |
| Increase stability of federal fiscal and tax policy regarding sub-national governments | <p>Assistance to the Budget Committee of the Council of Federation: Advice and analytical reports on fiscal policy and intergovernmental fiscal relations; annual comments on draft federal budget law (2004-2011)</p> <p>Recommendations for improving financial foundations of local self-governance, presentations and speeches at meeting of the Council on Local Self-governance headed by the Chairman of the State Duma (2008-2010)</p> <p>Evaluation of the effectiveness of the anti-crisis measures of the RF Government in the sphere of intergovernmental fiscal relations. Advice and proposals on the program of anti-crisis modernization and the reform of the economic policy pursued by the RF government for the Expert Council at the Governmental Commission on Sustainable Development of the Russian Economy (2009)</p> <p>TA to the RF Ministry of Finance to draft Guidance to Regional Governments on Creating and Using Regional Reserve Funds (Attachment 1, VI, # 4) (2009)</p> <p>Report on “Fiscal and Monetary Policy, Macroeconomic Parameters of the Russian Economy” developed by the Working Group 2 of the Expert council to update the Strategy of Russia up to 2020 (2011)</p> <p>Report on “True Federalism, Local Self-governance and Intergovernmental Relations” developed by the Working Group 12 of the Expert council to update the Strategy of Russia up to 2020 (2011)</p> |
| Strengthen the ability of sub- | Proposals aimed to decrease the federal regulations regarding subnational |

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| national governments to regulate their spending needs | <p>expenditure responsibilities, developed for the Working Group “On Financial and Tax Issues and Intergovernmental Fiscal Relations” headed by Deputy Prime Minister A. Khloponin (set up on the initiative of the President) (2011)</p> <p>Methodology to evaluate demand for public services developed for the following regions and municipalities (2007 – 2009):</p> <ul style="list-style-type: none"> • Stavropol Krai • Republic of North Ossetia-Alania • City of Vladikavkaz • City of Blagoveshchensk • City of Vladivostok • Amur Oblast <p>Amendments to the draft law of Irkutsk Oblast “On the reserve fund of Irkutsk Oblast” (Attachment 1, VII, # 21) (2009)</p> <p>Assistance to the governments of Kabarda-Balkar Republics in drafting legislation on support to investment activities (Attachment 1, VII ## 16-18) (2010)</p> |
| Increase efficiency of equalization transfers to municipal governments by reducing certain federal restrictions on regional-local transfer formula | Draft amendments to the Budget Code aiming at reducing certain federal restrictions on regional-local transfer formula (2011) |
| Improve capacity of government officials in strengthening the fiscal autonomy of sub-national governments | Presentations on the best practice in strengthening the fiscal autonomy of sub-national governments were included into CFP training events (2007-2011) |

Results

- Federal government has recognized the necessity to withdraw the right of the federal government to grant tax exemptions on local taxes (land tax and property tax) to particular tax payers granted by federal government. RF President in his budgetary address to the RF Parliament (2011) has promised that these exemptions are going to be ended.
- The Budget Code has been amended to increase portions of a number of federal taxes shared with sub-national governments (2009).
- An important step towards forming a real tax base of regions and municipalities was taken by the federal government by substituting the property tax and the land tax (assessed below market value) by the real estate tax (to be assessed on the basis of market value of the tax base). The work in this direction began in 2008 with an inventory of real estate to be appraised at market prices. The all-Russia inventory of real estate was scheduled for completion in 2012.
- The capacity of municipal governments to perform functions of local importance was strengthened also by transfer to regional level of authority to provide health care services. With diminished number of expenditure responsibilities municipalities can channel more funds towards local issues.
- In a number of regions and municipalities where CFP provided its technical assistance:

- measures to develop tax base and support small and medium-size business in the first place have been taken
 - measures on more effective use of regional and municipal property have been taken measures to increase effectiveness of businesses owned by regions and municipalities (primary in the H&U sector) have been taken based on the analysis of their fiscal and social performance; many such business have been privatized
 - a formalized methodology to evaluate performance of tax exemptions granted by a region or a municipality has been developed; ineffective exemptions have been cancelled
- Government officials improved their capacity in strengthening the fiscal autonomy of sub-national governments due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

2. Improve the system of intergovernmental transfers

The system of intergovernmental transfers needed further development. Thus, the federal formula for allocating equalization grants to regional governments remained unpredictable and non-transparent. It tended to underestimate or overestimate fiscal capacity of regions, which increased their asymmetry in terms of social development and economic growth. Targeted transfers accounted for a large share in the total amount of intergovernmental transfers. In many cases, other than equalization, transfers were allocated to sub-national governments through negotiations. The system of fiscal and statistical reporting was ill-suited for the needs of the budget process.

CFP's efforts in that area focused on increasing transparency and improving design of intergovernmental transfers at all levels of government, and bringing the IGFR policy in line with the best international principles of fiscal policy.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|---|
| Bring the IGFR policy in line with the general principles of national fiscal policy | <p>Improvement of the Grant Allocation Methodology to equalize fiscal capacity of RF subjects (Attachment 1, I, # 4) (2007)</p> <p>Advice to the Budget and Tax Committee of the State Duma and development of draft amendments to laws aimed at improvement of intergovernmental fiscal relations (2007-2010)</p> <p>Draft rules for grant allocation to RF subjects (Attachment 1, II, #5) (2008)</p> <p>Draft Strategy for Improving Regional Policy in the Russian Federation (Attachment 1, III, #2) (2008)</p> <p>TA to the State Duma Committee on Federation Affairs and Regional Policy and its Advisory Council (2008-2009):</p> <ul style="list-style-type: none"> • development of recommendations for improvement of regional policy in the Russian Federation • review of regional budgets in Russia during the crisis of 2008-2009, presentations and speeches at a number of meetings in the Federal Districts for leaders of economic and financial agencies of RF regions to discuss "Development of Russian regions under the global financial crisis" <p>Recommendations on "The Strategy for Intergovernmental Relations and</p> |

| | |
|---|---|
| | <p>Budgeting at Sub-national Level (in the period towards 2013)” (Attachment 1, III, # 1) (2009)</p> <p>Draft law of Stavropol Krai “On amendments to the Law of Stavropol Krai “On intergovernmental fiscal relations in Stavropol Krai””(Attachment 1, I, #11) (2007)</p> <p>Advice to Kamchatka Oblast government on intergovernmental transfers (Attachment 1, II, # 19) 2007</p> <p>Drafts of model municipal legal acts regulating fiscal relations in rural and urban settlements and city districts in the Chechen Republic based on federal law “On Measures Pertaining to the Organization of Local Self-Governance in the Ingush Republic and the Chechen Republic” that determined specific features of local self-governance in the Chechen Republic (Attachment 1, II, #2; III, ##43 – 45) (2008)</p> <p>Advice to the Finance Ministry of Karachai-Circassian Republic and development of models for the assignment of equalization grants and subsidies from the republic’s fund for co-financing expenditures designed to form funds for financial support of settlements and equalizations grants to municipal raions (city districts) (2008)</p> |
| <p>Decrease the share of targeted transfers within the total amount of intergovernmental transfers</p> <p>Reduce the share of grants in total revenues of sub-national governments in Russia</p> <p>Reduce the number of windows through which grants are allocated to sub-national governments</p> | <p>Annual consultations and recommendations during the development of formal conclusions of the RF Accounts Chamber on draft federal budget laws regarding revenue base of regional and local budgets as well as the structure and size of intergovernmental transfers (2007 -2011)</p> <p>Advice and recommendations concerning the draft resolution of the RF Government “On Approval of the Provisions Regarding Subsidies to RF Subjects to Support Socio-Economic Development of Regions in the Southern Federal District Based on Local Initiative” and the draft “Provisions Regarding Subsidies to RF Subjects to Support Socio-Economic Development of Regions in the Southern Federal District Based on Local Initiative” for the RF Ministry of Regional Development (2008)</p> <p>A methodology to identify economically depressed territories in need of additional federal policy measures to stimulate their development. The methodology is based on ranking regions according to socio-economic indicators. It was developed for the law “On zones of territorial development and amendments to individual legislative acts of the Russian Federation” (Attachment 1, III, # 3) (2010-2011)</p> <p>Proposals aimed at reducing the share of targeted transfers within the total amount of intergovernmental transfers, reducing the share of grants in total revenues of sub-national governments in Russia, reducing the number of windows through which grants are allocated to sub-national governments - developed for the Working Group “On Financial and Tax Issues and Intergovernmental Fiscal Relations” headed by Deputy Prime Minister A. Khloponin (set up on the initiative of the President) (2011)</p> <p>Report on “True Federalism, Local Self-governance and Intergovernmental Relations” developed by the Working Group 12 of the Expert council to update the Strategy of Russia up to 2020 (2011)</p> |
| <p>Bring the system of fiscal and statistical reporting in line with the requirements of the budget process</p> | <p>Proposals for improving the budget classification and incorporation of Government Finance Statistics standards and provisions concerning transit to performance-based budgeting (RF Ministry of Finance) (2010)</p> |
| <p>Increase capacity of government officials in improving the system of intergovernmental transfers</p> | <p>Presentations on the best practice in improving the system of intergovernmental transfers were included into CFP training events (2007-2011)</p> |

Results

- For the purpose of the federal equalization formula tax capacity of a region started to be measured by tax base rather than by region’s value added (the official statistics of which is two years late and insufficiently correlates with tax collections). As a result, the assessed tax capacity became closer to actual tax generation capacity of a region.
- After a period of growing, the number of targeted matching transfers in 2012 started to go down, which means that the federal center has been playing a lesser role in regulating regional expenditures.
- Transparent methodologies for allocating targeted transfers across the regions have been developed together with the requirements to outcomes of such transfers.
- In a number of regions and municipalities where CFP provided its technical assistance:
 - methodologies for formation and allocation of equalization grants-in-aid have been approved by regional laws, which made intergovernmental transfers to municipalities more stable and predictable
 - most regional targeted transfers to municipalities started to be allocated according to developed and approved transparent methodologies; requirements to outcomes of such transfers have also been developed
 - the amount of financial support to municipalities started to be approved for a medium-term period thus making IGFR transfers to municipalities more predictable
- Government officials improved their capacity in improving the system of intergovernmental transfers due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

3. Integrate regional development strategies with regional medium-term budgeting projections

The majority of regional development strategies were a mere declaration of goals that were not linked to the amounts of resources required for their implementation. They also lacked established measurable targets. There was no immediate integration between annual budget and medium-term plan for economic development whose goals were taken into consideration only after all other more immediate expenditure needs had been met.

CFP assisted regional governments in designing regional development strategies that incorporated sound financial practices and added a strategic dimension to annual budgeting.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|---|
| Assist in development of socio-economic strategies of RF regions | Participation in the development of the socio-economic strategies of the Far East, Republic of Buryatia, Trans-Baikal Krai and Irkutsk Oblast up to 2025 (Section “Displacement of population: current status and main directions of development. Formation of a comfortable living environment”) for the RF Ministry of Regional Development (2008-2009) |
| Integrate regional development strategies with the annual budget process and medium – term financial planning | Participation in the development of the Socio-Economic Strategy of Siberia up to 2020 (Section “Displacement of population: current status and main directions of development. Formation of a comfortable living environment”) for the RF Ministry |

| | |
|---|---|
| <p>Implement socio-economic development strategies in regions and municipalities</p> | <p>of Regional Development (2008-2009)</p> <p>Recommendations and reviews of performance and policy reports (DRONDs) of line departments of Ussuriisk city district administration to enhance integration between district's development strategies and the budget process. (Attachment 1, II, # 11) (2007)</p> <p>Advice to the city administration on the development of a three-year plan of socio-economic development of Ussuriisk city district including a review of the line departments on performance and activities of the subjects of budget planning of Ussuriisk city district (Attachment 1, I, ##18, 19) (2007)</p> <p>Assistance to the city of Nalchik in developing its development strategy and in the implementation of the socio-economic development strategy under the program of municipal finance reform (Attachment 1, II, 10) (2008 - 2009)</p> |
| <p>Implement the principles of performance management/budgeting in regions and municipalities</p> | <p>Advice to the Finance Ministry of the Republic of North Ossetia-Alania on the development of the "Program of regional finance reform in the Republic of North Ossetia-Alania in 2009-2011 (2008)</p> <p>Assistance to the city of Vladikavkaz in improving municipal finance management and implementation of performance budgeting under the program of municipal finance reform (Attachment 1, III, ## 23, 24) (2008)</p> <p>Advice on the development of the municipal finance reform in the city of Vladivostok on the basis of the results of municipal spending performance analysis carried out by CFP (2009)</p> <p>Advice to the Finance Ministry of Amur Oblast on the development of the program of more effective budget spending in Amur Oblast (2009-2010)</p> |
| <p>Increase capacity of government officials in integrating regional development strategies with regional medium-term budgeting projections</p> | <p>Presentations on the best practice in integrating regional development strategies with regional medium-term budgeting projections were included into CFP training events (2007-2011)</p> |

Results

- The strategy of socio-economic development of the regions of the Far East Federal District has included costing of development programs and medium-term budgeting projections
- The strategy of socio-economic development of the regions of the Siberian Federal District has included costing of development programs and medium-term budgeting projections
- In a number of regions and municipalities where CFP provided its technical assistance development strategies have included costing of development programs and medium-term budgeting projections
- Government officials improved their capacity integrating regional development strategies with regional medium-term budgeting projections due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

4. Improve efficiency of government authorities and local self-government bodies and quality of public services they provide

The main purpose of the fiscal reform at that stage was to improve the public finance management and raise the efficiency of public spending at all levels of government. One of the problems of traditionally ineffective public spending was financing institutions rather than public services. To transit to budgeting for public services delivery required development of service standards and setting a performance monitoring system. Estimation of demand for services and measurable performance targets to evaluate performance of service delivery were necessary for budget forecasting. Service efficiency improvement was badly needed in the so-called social sphere (education, health care and social safety net).

CFP's efforts to improve the efficiency of public administration and the quality of public services they provided included measuring the quality of public services, identification of public service norms and quality standards, development of efficiency monitoring systems, and changing the powers of government institutions providing public services.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|--|
| <p>Measuring the quality of public services, including methods that involve receiving feedback from customers</p> <p>Designing systems for monitoring the efficiency and effectiveness of public expenditures</p> | <p>Methodology for monitoring performance of regional governments (on the request of the President's Office) (2008)</p> <p>Advice, recommendations and draft lists of indicators to assess performance of local governments in education and health care sectors and use of land resources (for the Presidential Commission for Federative Relations and Local Self-governance) (2008)</p> <p>Methodology for monitoring performance of gorodskoi okrug (city district) and municipal raion (municipal district) governments submitted to the President's Office (Attachment 1, II, # 1) (2008)</p> <p>Assistance to the RF Ministry of Regional Development in analysis of service provision in pilot municipalities according to the system of indicators developed by CFP to measure the quality of public services (2008)</p> <p>Advice and recommendations to the RF Ministry of Regional Development on further improvement of the system of performance assessment of regional executive authorities in the Russian Federation (2010)</p> <p>TA to the RF Ministry of Finance under the regional and municipal finance reform: Methodological recommendations for RF subjects and municipalities on examination of quality of public services; review of international experience in this field; regional and municipal finance reform implementation results (2000 – 2008) (2009)</p> <p>Assistance to Sakhalin Oblast government in the area of public service quality (Attachment 1, V, # 22) (2010)</p> |
| <p>Development of descriptions for public service norms and quality standards</p> | <p>Standards of per capita funding of municipal educational establishments in Artem city district (2008)</p> <p>Advice to the city of Blagoveshchensk assessing needs in public services, service standardization and standard-based costing of services, on the municipal assignment formulation procedure, financial support of municipal assignments, evaluation of their fulfillment and standards and procedures of public service (2009)</p> <p>Advice to the Finance Ministry of Amur Oblast on the development of a list of</p> |

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|--|--|
| | quality criteria of public services to be used by main spending agencies when formulating public assignments (2010) |
| Restructuring the sector of public government units and improving the management of public government property | <p>Recommendations for the Department of Intergovernmental Fiscal Relations at the RF Ministry of Finance on the improvement of arrangements for regional competitions concerning the municipal finance reform in the context of the economic crisis (2009)</p> <p>Development of regulatory and methodological framework to enhance performance of state and municipal enterprises at the request of the RF Ministry of Finance: - Methodological recommendations for federal executive authorities and federal budget-supported institutions concerning the calculation of prices (tariffs) for services rendered on a fee basis (Attachment 1, V, ## 1-19) (2010)</p> <p>Assistance to the city of Vladikavkaz in improving municipal property management under the program of municipal finance reform (Attachment 1, III, # #36, 37) (2008)</p> <p>Assistance to the city of Vladikavkaz in monitoring and improving performance of municipal institutions and enterprises under the program of municipal finance reform (Attachment 1, III, # # 25, 28, 38, 39) (2008)</p> |
| Increase capacity of government officials in improving efficiency of government authorities and local self-government bodies and quality of public services they provide | Presentations on the best practice in improving efficiency of government authorities and local self-government bodies and quality of public services they provide were included into CFP training events (2007-2011) |

Results

- In 2010, the federal government adopted the Program of Increasing the Effectiveness of Public Spending up to 2012.
- In 2010-2011, the regions adopted similar programs.
- Implementation of the above programs started to produce the following results:
 - coordination of strategic and budget planning, implementation of program budgeting, monitoring of declared objectives;
 - more effective provision of public services by governments of all levels;
 - stimulating government officials to more effective public spending;
 - improved public finance management including through adaptation of corporate management tools;
 - improved transparency and accountability of all levels of government through publicity of their performance indicators
- In pursuance of this program, the federal law on the reform of state and municipal spending institutions was adopted in 2010. Its purpose was to change their institutional status and the system of their financing. The nation-wide transit to financing public services within the established range and quality standards started on the federal, regional and municipal levels.
- In a number of regions and municipalities where CFP provided its technical assistance the quality of developed programs of more effective public spending turned out to be higher

than in other regions while their implementation is highly motivated and not a mere formality.

- Government officials improved their capacity improving efficiency of government authorities and local self-government bodies and quality of public services they provide due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

5. Assist in equal access to quality public services through development of a competitive environment for public service provision

Traditionally, public service provision in Russia was, with a rare exception, the responsibility of government agencies (institutions). Federal and sub-national governments allocated budget resources to them in accordance with their expenditure needs based on historical costs and number of employees. Their performance was assessed by the government not according to the quantity and quality of public services but in accordance with the reimbursed costs, which led to the deterioration of service quality. To address that problem it was necessary to transform state institutions that provided public services into service-focused institutions that received budget funding based on the demand for the public services they provided.

CFP's assistance to sub-national governments in ensuring equal access of citizens to public services of good quality included development of inventories of state institutions followed by recommendations on optimizing their number and status, drafting legal acts, designing public service classifications and quality standards, formulating tasks for service providers and public service costing.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|--|
| Assist sub-national governments in running inventory of state public service institutions and develop recommendations on optimizing their number and status according to demand for the services they provide | Proposals to the Working Group with the RF Ministry of Finance to develop regulations with regard to the implementation of Federal Law #83-FZ of May 08, 2010, "On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Improvement of the Legal Status of State (Municipal) Institutions" (2010) |
| Assist sub-national governments in drafting legal acts to change the status of state public service institutions | Assistance to the city of Vladikavkaz in budget planning in coordination with demand for budget services, making and inventory of municipal services under the program of municipal finance reform (Attachment 1, III, #6, 7) (2008) |
| | Assistance to the city of Vladikavkaz in drafting legal acts to change the status of state public service institutions under the program of municipal finance reform (Attachment 1, III, #18) (2009) |
| | Advice to the executive authorities of Amur Oblast on the implementation of Federal Law #83-FZ of May 08, 2010, "On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Improvement of the Legal Status of State (Municipal) Institutions" (2010) |
| | Advice in the hotline format to representatives of executive authorities and state institutions of Sakhalin Oblast on improving the legal status of state (municipal) institutions (2011) |
| Assist sub-national governments in design of public services classifications | Advice on better performance of the local self-government and municipal institutions of Artem city district (Attachment 1, II, ## 22, 24, ,25 – 27) (2007) |

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| and quality standards | <p>Assistance to the city of Nalchik government in introducing the system of budgeting for public services based on their quality standards (Attachment 1, II, # 30) (2008)</p> <p>Advice to the city of Blagoveshchensk on the development of the “Municipal finance reform in the city of Blagoveshchensk”, implementation of the provisions of the Budget Code on the municipal assignment for provision of municipal services, standardization of services and the development of the legislative framework to support creation and operation of autonomous institutions (2009)</p> <p>Assistance to the city of Vladikavkaz in design of municipal service quality standards under the program of municipal finance reform (Attachment 1, III, ## 8 - 17) (2009)</p> <p>Assistance to the city of Maikop government in drafting regulations on maintenance of the register of municipal services (Attachment 1, IV, # 12) (2010)</p> |
| <p>Assist sub-national governments in formulating tasks for service providers and establishing systems to monitor their performance</p> <p>Assist sub-national governments in assessing public services costs</p> | <p>Assistance to the city of Vladikavkaz in municipal assignment procedure under the program of municipal finance reform (Attachment 1, III, # 29) (2009)</p> <p>Advice to the Department of Education of the city of Blagoveshchensk on the development of a methodology for costing municipal public services in the preschool education subsector in the city of Blagoveshchensk (2009)</p> <p>Advice to the Finance Ministry of the Republic of Adygea on further development and widening the scope of performance budgeting; development of the system of public assignments for public services and requirements to their outputs as well as methodological approaches to costing standards of public services rendered with budget funds (Attachment 1, IV, ## 6 – 11, 14, 15) (2010)</p> |
| Increase capacity of government officials in providing equal access to quality public services through development of a competitive environment for public service provision | Presentations on the best practice in providing equal access to quality public services through development of a competitive environment for public service provision were included into CFP training events (2007-2011) |

Results

- The federal law on the reform of state and municipal spending institutions (2010) made it possible for governments of all levels to introduce competition among government institutions and between government and private institutions in bidding for government funding to provide public services.
- Government institutions got an opportunity, in addition to services paid by the government, to render fee-based services, use the proceeds at their discretion and thus to improve material base and increase wages to attract better qualified staff.
- In a number of regions and municipalities where CFP provided its technical assistance normative documents pertaining to the reform implementation allowed to use the possibility provided by the law to develop a competitive environment for public service provision and provide equal access to quality public services.
- Uniform quality standards of services rendered within a jurisdiction (a region or a municipality) guarantee to its citizens access to services of standard quality. Those who wish to receive a service of higher quality have an opportunity to pay for it.

- Government officials improved their capacity in providing equal access to quality public services through development of a competitive environment for public service provision due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

6. Enhance government’s accountability and transparency

Government accountability and transparency of public spending could be noticeably improved with introduction of performance indicators with a clear reference to budget spending lines, which in their turn should be grouped by programs that were targeted to accomplish specific policy goals. In that way the latter could be incorporated into the budget process.

The transition towards performance, or program budgeting, initiated by the RF Ministry of Finance at the federal level was to be further implemented by sub-national governments. However, performance budgeting at the federal level was quite different from that at the sub-national level pursuant to the difference in their functions: the federal government was responsible for the delivery of such jointly consumed public goods as national defense, law enforcement or regulation of the national economy, while sub-national governments were engaged in public service delivery to individuals. Therefore, the choice of performance indicators and performance monitoring methods was to accommodate the specifics of sub-national performance-based budgeting.

CFP’ role in improving government accountability and transparency included assistance in implementing a program approach in budgeting and developing guidelines on transition to program budgeting.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|--|---|
| Assist federal and subnational governments in implementing a program approach in budgeting | <p>Assistance to the RF Ministry of Finance in implementing a program approach in budgeting (2008-2010)</p> <p>Proposals concerning amendments to the Budget Code to reflect the development of the federal budget in the program format (2010)</p> <p>Assistance to the city of Petropavlovsk-Kamchatsky on a program approach in budgeting (Attachment 1, V, ## 13 – 16) (2007)</p> <p>Assistance to the city of Vladikavkaz in implementing a program approach in budgeting under the program of municipal finance reform (Attachment 1, VI, ## 19 - 22) (2008-2009)</p> <p>Assistance to the government of North Ossetia-Alania in presenting particular areas of government spending in program format (2009)</p> <p>Advice to the Finance Ministry of the Republic of Adygea in the course of implementation of the “Program of regional finance reform in the Republic of Adygea in 2009 – 2011” (Attachment 1, VII, # 13) (2010)</p> <p>Advice to the executive authorities of Amur Oblast on the development of Oblast legislation for the transit to program budgeting (Attachment 1, VIII, #23) (2010)</p> <p>Assistance to the government of Sakhalin Oblast in drafting sectoral programs (2011)</p> <p>Assistance to the government of the city of Nevinnomyssk in drafting program aimed at energy efficiency (2011)</p> |
| Assist in achieving balanced | Assistance to the Committee on Local Self-governance of the Council of |

| | |
|---|--|
| budgets in municipalities and improving municipal finance management | <p>Federation: analytical reports on ways to achieve balanced budgets in municipalities and optimize expenditure responsibilities (2007)</p> <p>Assistance to the city of Vladikavkaz in improving municipal finance management (Attachment 1, VI, ## 26, 27, 31, 32, 40, 41, 42) (2008)</p> <p>Assistance to the administration of the city of Artem in developing departmental targeted programs (Attachment 1, VI, ## 12, 23) (2008)</p> <p>Advice to the Finance Ministry of Irkutsk Oblast on reviewing the “Methodology for allocating intergovernmental grants to provide financial support to municipalities of Irkutsk Oblast that demonstrate effective management of public funds” and recommendations for amending the methodology (Attachment 1, VII, # 19) (2009)</p> <p>Development of recommendations to improve the “Program of more effective public spending in Sakhalin Oblast up to 2012” (Attachment 1, VIII, # 21) (2010)</p> |
| Develop guidelines on transitioning to program budgeting for sub-national jurisdictions | <p>Assistance to the city of Vladikavkaz in implementing the program of municipal finance reform (Attachment 1, VI, ## 30, 35) (2008)</p> |
| Increase capacity of government officials in enhancing government’s accountability and transparency | <p>Presentations on the best practice in enhancing government’s accountability and transparency were included into CFP training events (2007-2011)</p> |

Results

- In 2010, methodological approaches to program budgeting at the federal level were developed.
- In 2011, federal authorities started to present their activities in form of government programs aimed at achieving goals stated in RF strategic documents . Indicators to measure achievement of goals and objectives of line ministries are established. Analytical research to cost programs and their components is carried out. Direct (program) and indirect (other than program) costs are identified, which allows to estimate overheads.
- The document describing federal government expenditures by programs that was adopted as an attachment to the Law on the Federal Budget of 2012-2014 enhanced government’s accountability and transparency.
- In a number of regions and municipalities where CFP provided its technical assistance governments also started to present their expenditures in the context of government programs. As a result, government’s accountability and transparency is being enhanced.
- Government officials improved their capacity in enhancing government’s accountability and transparency due to participation in CFP training seminars and round tables (for details see *Attachment 2*).

Lessons Learned

1. By 2010, in contrast to the early 2000s, the relationships between federal officials and experts had become more formal. Criticism of government, even behind closed doors, was no more welcomed. At the same time, policy advice from independent experts was

still in demand. The federal government turned to technical assistance of independent experts mainly at the implementation stage of world best practices in the area of public finances which had an obvious advantage over public finance management in Russia; criticism was granted only if authorized from above.

2. Intergovernmental relations in Russia need decentralization. Ineffective performance of particular regional governments cannot excuse increased centralization of power in Russia. Because of this, it is very important to provide assistance to the regions willing to develop examples of good public finance management. These examples provide significant support in the on-going discussion on the future of fiscal federalism in Russia.
3. Development of intergovernmental fiscal relations in Russia in the 2000s can be described as “two steps forward, one step back”. Not all progressive ideas incorporated into the concept of fiscal federalism development in 2003 have been put into practice. Elimination of unfunded mandates took place in three ways: (1) assignment of an expenditure responsibility to regional governments together with the necessary funds for its financing, (2) total abolishing of an expenditure responsibility, and (3) shifting the power to regulate an expenditure responsibility to regional governments, which in the absence of finance resources meant that regions had to turn to an unpopular measure of reducing the financing of the expenditure responsibility. The first way was accompanied by strict reporting to the federal center for spending of the allocated funds and inevitable led to greater central control over the regions. The second and the third ways were fraught with growing social unrest, which also was followed by rising attention on the part of the central governments and its interference in the activities of regional governments to prevent this discontent. It is possible that this was the reason behind abolishing gubernatorial elections. To improve the funding of social expenditures, additional matching transfers started to be allocated to the regions under the National Project program, which was also accompanied by control from the center. In this way positive steps to reduce the number of unfunded federal mandates added to building the power vertical.
4. Though the reform of intergovernmental fiscal relations carried out in 2003-2005 had established uniform federal requirements to the assignment of expenditures and revenues and to the allocation of intergovernmental transfers between regions and municipalities, the analysis undertaken by CFP demonstrated that regional governments still were free enough to decide on the model of intergovernmental interaction with municipalities. This could not be otherwise since there is a great variety of economic and social development parameters in the Russian regions. As a result of considerable freedom to choose a regional model of intergovernmental relations, the regions differ from each other in terms of incomes and expenditures assigned by a region to its municipalities, tax capacity equalization and the size and purpose of targeted transfers. This should be kept in mind by those municipalities who criticize the federal government for imperfect intergovernmental relations within a region. Instead, they should address their claims to regional governments and seek solutions at the regional level
5. Quite a number of regions and municipalities were more successful in implementation of performance budgeting than the federal center. This is explained by their participation in the reform of regional and municipal finances initiated by the RF Ministry of Finance. Additional stimulating grants were given to those regions and municipalities that incorporated elements of best practice into public finance management. Technical assistance for the development and implementation of regional and municipal programs was provided by expert organizations including CFP.

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6. Improving the quality and accessibility of public services involves the development and adoption of their quality standards by each government responsible for provision of such services. Current federal legislation already contains a number of requirements to the qualification of personnel engaged in service provision, to the equipment and facilities used to provide services etc. The inventory of requirements carried out by CFP showed the volume of unfunded mandates established by the federal government that were not taken into consideration at the first stage of the reform of intergovernmental fiscal relations. The analysis indicated that it was necessary to go on with the elimination of the unfunded federal mandates.
 7. Abolition of federal exemptions from regional and municipal taxes the need for which was quite obvious (as confirmed by statements made by the leaders of the state for many years) has proved an extremely difficult task. The abolition was to be followed by either imposition of obligation to pay relevant taxes on taxpayers themselves, previously exempt from this, or by compensation of losses from the federal budget. In the first case, this will increase tariffs of natural monopolies (since they are the first to have these benefits), in the second, additional expenditures of the federal government will be required, which certainly will be accompanied by reallocation of revenues or expenditures between the levels of government.
 8. The information and practical seminars held by CFP were attended by representatives of practically all Russian regions. They have become very popular not only because of an opportunity to listen to representatives of the federal government and receive explanations and comments from CFP experts but also because the participants were able to share their experience and learn about best practices that had already been implemented by some regions. Such an opportunity has become increasingly less available to the regions due to the decentralization of finance authorities carried out in the late 1990s.
 9. It is important to keep a certain degree of flexibility within the Project as long as new opportunities continue to arise. In particular it makes sense to draw special attention to regions where CFP had worked before (e.g. under previous Cooperative Agreement). In addition to general importance of monitoring performance of regions where technical assistance was provided it helps to adequately distinguish the moment when these regions are ready for a new portion of technical assistance.
 10. The crisis of 2008-2009 had made the need in more effective public spending in Russia even more urgent although the Russian federal government that had a reserve fund at its disposal did not realize the problem in the same degree as governments of those countries where there were no contingency funds. However, in a number of most affected regions the problem of increasing effectiveness of public expenditures and, in the first place, their prioritization was the main objective of finance authorities. These regions were the first to implement best practices in public finance management in a thoughtful and informal manner. For this, they no longer needed federal stimulating grants. As the saying goes, every cloud has a silver lining.



Component “North Caucasus” (2005 – 2007)

Background

North Caucasus is the area of old farming tradition, where both social life and everyday living arrangement are still archaic in nature. Low living standards go along with high birth rates though accompanied by high infant mortality. The high official indicators of the quality of education in North Caucasus republics can hardly be trusted. During the 2000s, the official economic indicators showed the stagnation of economy in all North Caucasus republics: unemployment was 30-40% and beyond, more than one third of population had income below the subsistence minimum, and regional governments were highly subsidized (70-80% of budget revenues came from federal government transfers). However, the actual picture differs from the official one. The level of personal consumption in fact exceeds the legally reported household revenues, shadow economy accounts for up to 50% of total regional product and at least 1/3 of local jobs, official wages and business revenues account for only 35-45% of personal income.

Since mid-1990s, the RF Government makes efforts to improve the political, social and economic situation in the North Caucasus, although these efforts have not yet succeeded to bring stability to the region. Most citizens do not have access to proper social services, and social tensions serve as catalysts to terrorist activity. The tribal system involves appointments of incompetent executives to positions in the regional government and/or in local self-government. As a result the professional capacity of regional and municipal government employees falls significantly behind the capacity of their colleagues in other Russian regions. Corruption, misuse of public funds and abuse of powers by government officials are common features of governance in the North Caucasus.

Due to specifics of social and cultural traditions of the North Caucasus, it is impossible to mechanically reproduce here the blueprints introduced by federal legislation and being successfully implemented in other regions of Russia. Therefore, introducing fiscal reforms required both gradual and careful adaptation of models borrowed from other regions as well as designing customized models. In parallel this required urgently raising capacity of government employees through training and technical assistance.

Accordingly, technical assistance provided by CFP in the North Caucasus bore, first and foremost, educational character. Efforts were directed to bring to the attention of NC government officials the meaning of the fiscal policy reforms undertaken by the federal government, to acquaint them with the experience of other RF regions in fiscal reform implementation and best practices in the field of budgeting. An equally important component of TA was to bring regional budgeting legislation in strict compliance with federal law.

Figure 3. Composition of Government Revenue in NC Republics (average, 2005)

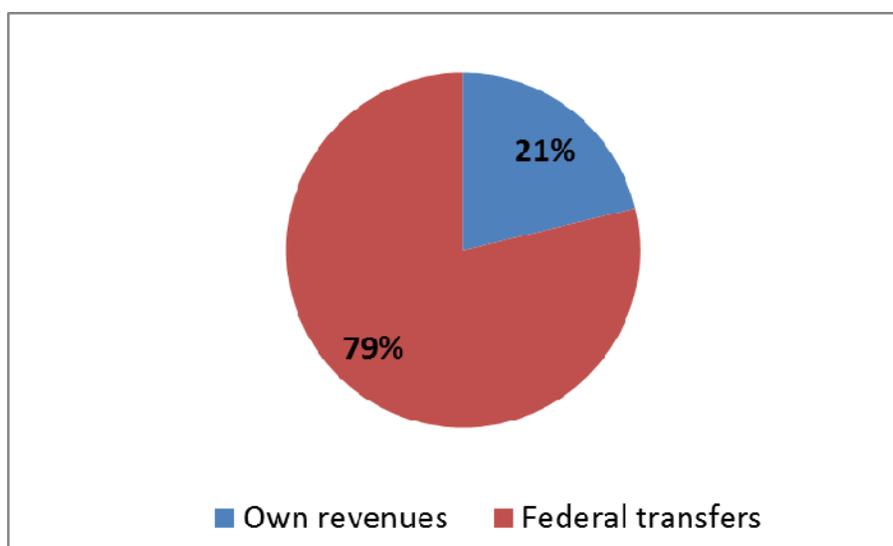


Table 6. Share of Federal Transfers in Government Revenues of NC Republics (2005)

| | |
|------------------------------------|-----|
| Republic of Ingushetia | 90% |
| Chechen Republic | 87% |
| Republic of Dagestan | 79% |
| Kabarda-Balkar Republic | 73% |
| Karachaevo-Cherchessian Republic | 72% |
| Republic of North Ossetia – Alania | 71% |
| Republic of Adygea | 51% |

In the course of the North Caucasus Component implementation CFP provided technical assistance to the Office of the Plenipotentiary Representative of the RF President in the Southern Federal District as well as individual pilot regions listed in Table 7. A whole series of information and practical seminars were carried out attended by representatives of all republics of the North Caucasus as well as some other NC regions.

Table 7. Component “North Caucasus”: Pilot Regions

| Component North Caucasus Pilot Regions |
|--|
| 2005-2006 |
| Republic of Dagestan |

| |
|--|
| Kabarda-Balkar Republic |
| 2006-2007 |
| Republic of Dagestan Kabarda-Balkar Republic Republic of Adygea City of Nalchik |

Main Problems Addressed

Though the *problems* in the public sector of the North Caucasus region of Russia were similar to those of the rest of the country (non-transparent regional and local government spending, deficient budgeting process, inefficient administration, poor quality of public services), they were exacerbated by economic stagnation, an extremely high level of unemployment, declining educational level and low professional skills of staff of sub-national governments. In addition, regional legislation governing the budget process did not keep pace with the reforms carried out by the federal center and even contradicted them.

Specific Objectives of Technical Assistance

To address the problems above, the following *specific objectives* were determined:

1. Improve capacity of regional and municipal government officials in public finance law drafting and implementation
2. Develop government performance monitoring system
3. Assist in incorporating budgeting policy into design and implementation of socio-economic strategy for the North Caucasus

TA Provided to Resolve the Problems

1. Improve capacity of regional and municipal government officials in public finance law drafting and implementation

One of the most critical problems of the NC governance system was the lack of competent staff to strengthen regional and municipal administrations. CFP’s response to it included provision of basic training in public finance management and intergovernmental fiscal relations, training in practical budgetary process skills and understanding of national and international best practices.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|-----------------|---------------------|
|-----------------|---------------------|

| | |
|---|---|
| <p>Training in basic principles of public finances management and intergovernmental fiscal relations at the regional and municipal level</p> <p>Training in practical budgeting skills and budget analysis skills</p> <p>Review of Russian best practices and international experience in the field of the public finance management and intergovernmental fiscal relations</p> | <p>Eight interregional training seminars for municipal heads, deputies and finance officers of the North Caucasus regions (2005 -2007) (for details see Attachment 2)</p> <p>Two round tables with federal officials and CFP experts for chief financial executives of the North Caucasus regions (2005 -2007) (for details see Attachment 2)</p> <p>The two Training of Trainers seminar in Moscow on intergovernmental fiscal relations and budget policy for representatives of 5 North Caucasus republics (January, February 2007) (for details see Attachment 2)</p> |
| <p>Technical assistance in public finance law drafting</p> | <p>Methodologies for the allocation of regional funds for financial support of municipal raions (city districts) and regional funds for financial support of settlements developed for the following regions (used for financial support of municipalities in 2006) (2005)</p> <p>Assistance to the governments of Adygea, Dagestan and Kabarda-Balkar Republics in drafting legislation on intergovernmental fiscal relations (Attachment 1, III ## 3, 4, IV ##16, 19, 24, 28) (2005-2006)</p> <p>Assistance to the governments of Adygea, Dagestan and Kabarda-Balkar Republics in drafting legislation on budgeting process (Attachment 1, V ## 7, 8, 9, 18) (2005-2006)</p> <p>Assistance to the city government of Nalchik in drafting regulations on budgeting process (Attachment 1, VI ##32, 34) (2006)</p> <p>Assistance to the governments of Adygea and Dagestan Republics in developing the Programs of regional finance reform (Attachment 1, V ## 40, VII #6-15) (2007)</p> <p>Assistance to the city government of Nalchik in developing the Programs of municipal finance reform (Attachment 1, V ## 41) (2007)</p> |
| <p>Technical assistance in reforms implementation</p> | <p>Methodology to evaluate demand for public services provided by regional governments (2006)</p> <p>Methodology to evaluate demand for public services provided by municipal governments (2006)</p> <p>Assistance to the governments of Dagestan Republics in implementation of performance budgeting principles under the program of regional finance reform (Attachment 1, V ## 8, 9) (2009)</p> <p>Assistance to the city government of Nalchik in implementation of performance budgeting principles under the program of municipal finance reform (Attachment 1, V ## 29-39) (2007-2008)</p> <p>Assistance to the governments of Adygea and Dagestan Republics in assessment of demand for public services (Attachment 1, VII ## 6-8, 10) (2009)</p> <p>Assistance to the city of Nalchik government in assessment of demand for public services (Attachment 1, VII ## 29-31) (2008)</p> <p>Assistance to the city of Nalchik in monitoring the effectiveness of municipal expenditures under the program of municipal finance reform (Attachment 1, VI, #5) (2007)</p> |

| | |
|--|---|
| | <p>Assistance to the city of Nalchik in optimizing the number and status of budget-supported institutions under the program of municipal finance reform (Attachment 1, V, # 29) (2007)</p> <p>Assistance to the governments of Adygea and Kabarda-Balkar Republics in calculations for optimal assignment of uniform tax sharing rates to local governments and allocation of grants from the Republic's funds for financial support of settlements and for financial support of municipal raions (2005-2006)</p> |
|--|---|

Results

- Examination of regional legislation regulating budget process has been carried out in the pilot regions. Comments made by CFP experts were explained to government officials. Amendments recommended by CFP experts have been made in the appropriate legal acts to bring them in compliance with requirements of federal legislation.
- Government officials of the pilot regions received TA for the development of regional legislation on using best practices in the field of budget planning.
- Programs of regional and municipal finance reform have been developed for the pilot regions and municipalities. Programs of the Republic of Dagestan (2007) and the city of Nalchik (2007) were among the winners of the annual competition of finance reform programs organized by the RF Ministry of Finance. They were the first NC region and city to participate and win in the competition.
- Owing to technical assistance rendered by CFP, the pilot regions and the municipality have implemented most of the activities envisaged by the programs of regional and municipal finance reform. Regional and municipal officials have increased their management potential through development and implementation of these programs.
- Regional and municipal officials from all the NC republics and other NC regions have improved their capacity in public finance law drafting and implementation due to participation in CFP training seminars and round tables (8 inter-regional training workshops with more than 700 participants, 2 round tables on recent trends and developments in the public finance management policies at the federal level. CFP also held the two Training of Trainers for 18 regional experts from NC states). Person-to-person contacts and information exchange during the seminars between government officials from different NC republics and regions have strengthened cultural ties and exposed them to new experience in public finance management.

2. Develop government performance monitoring system

The government performance monitoring system (GPMS) was aimed at identifying directions of more effective budget spending, establishing closer cooperation of local and regional authorities, enhancing transparency of regional and local public spending, and streamlining the structure of regional budgets. It was developed under the request and guidance of the Office of the Plenipotentiary Representative of the RF President in the Southern Federal District. GPMS was used to compare government performance in different regions of the North Caucasus. Later, most GPMS elements were integrated into the federal performance monitoring system to be used every year by the RF Ministry of Regional Development.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|--|
| <p>Appraise the level of state administration in the North Caucasus region:</p> <p>a. develop a system of indicators to monitor socio-economic situation</p> <p>b. collect information for implementing performance-based budgeting</p> <p>c. promote performance-based decision making</p> <p>Train local staff of the Office of the Plenipotentiary Representative of the RF President in the Southern Federal District in performance monitoring of the regional administrations</p> | <p>A methodology for comparative appraisal of NC regional administrations performance developed: Government Performance Monitoring System (2006)</p> <p>Over 100 indicators developed to make comparisons across the NC regions for the Government Performance Monitoring System (2006)</p> <p>Information on quantity and quality of public services in health care, education and H&U outputs and outcomes, and resources used for these purposes collected (2006)</p> <p>The CFP Government Performance Monitoring System presented to the Office of the Plenipotentiary Representative of the RF President in the Southern Federal District (2006).</p> <p>The CFP Government Performance Monitoring System tested (2007)</p> <p>The CFP Government Performance Monitoring System presented to the Office of the President (2007).</p> <p>The CFP Government Performance Monitoring System presented at the first meeting of the Working Group for coordination of donor activities in the NC regions (2007)</p> |

Results

- A methodology for choosing indicators for performance monitoring of the regional governments and a database for designing indicators were developed.
- The system of indicators demonstrated the level of management of regional finances and assets owned by a region, personnel management in the bodies of executive power; governments' efforts to raise the level of business activity in a region; and circumstances under which the national health, education and H&U projects were implemented.
- The system provided also the information for revenue and expenditure forecasts, early detection of negative tendencies in the budget-supported sector, calculation of transfers to the RF subjects and municipalities.
- The Office of the Plenipotentiary Representative of the RF President in the Southern Federal District used the system of indicators to compare performance of NC regions. According to the integral estimation the regions of the Southern Federal District were rated in 2006 as follows:
 1. Krasnodar Krai
 2. Kabarda-Balkar Republic
 3. Stavropol Krai
 4. Rostov Oblast
 5. Volgograd Oblast
 6. Republic of Adygea
 7. North Ossetia
 8. Astrakhan Oblast
 9. Karachai-Circassian Republic
 10. Kalmyk Republic

11. Republic of Dagestan

12. Ingush Republic

- The performance indicators developed by CFP formed the basis of the so-called presidential performance monitoring of all regional governments carried out every year since 2008 by the RF Ministry of Regional development. The monitoring allows to use quantitative indicators to compare the level of management of regional finances and assets owned by a region, personnel management in the bodies of executive power; authorities' efforts to raise the level of business activity in a region; results of health care, education and H&U projects implemented by governments.

3. Assist in incorporating budgeting policy into design and implementation of socio-economic strategy for the North Caucasus

Setting goals for social and economic development of a region in the documented development strategy helps regional governments to plan its activities aimed at improving living conditions of the population, increasing business and investment attractiveness of the region, develop of SME sector, create new jobs and reduce poverty. Unfortunately often this document is drafted as a wish list of regional government. The projected activities are not cost assessed and are not budgeted for. It is often not clear if these activities are affordable from the point of view of regional revenue capacity. As a rule funding for strategy activities requires coordinated efforts of federal and sub-national authorities and support from international donors and investors.

To make the strategic plan feasible regional governments must integrate it with budget provisions. The CFP task was to assist NC governments in doing this.

List of Activities and Major Deliverables under the TA

| <i>Activity</i> | <i>Deliverables</i> |
|---|--|
| Develop a medium-term financial plan corresponding to the socio-economic strategy of a region or a municipality | Methodology of integration of the socio-economic strategy of a region or a municipality with the medium-term financial plan (2007) Assistance to the governments of Adygea and Dagestan Republics in inventory of goals and tasks adopted by regional medium and long term socio-economic programs and integrating them into medium term budget programs (2007) |
| Develop a medium-term budget of a region | Assistance to the governments of Adygea and Dagestan Republics in introducing procedures for 3-year budgeting (2007) Assistance to the governments of Adygea and Dagestan Republics in developing the 3-year budget (2007) Assistance to the governments of Adygea and Dagestan Republics in forecasting of total amount of financial resources of a region and the revenue side of its budget (2007) Recommendations to the governments of Adygea and Dagestan Republics on evaluating the borrowing capacity of a region (2007) |
| Assist in enhancing investment efficiency | Assistance to the governments of Adygea and Dagestan Republics and the city government of Nalchik in assessment of government investments' efficiency (2007) |
| Assistance in enhancing business activity | Recommendations to the government of Kabarda-Balkar Republic on support of small and medium-size enterprises and investment projects (Attachment 1, VII, ## 16-18) (2007) |

| | |
|---|--|
| | <p>Recommendations to the governments Adygea and Dagestan Republics and the city government of Nalchik on providing tax preferences to businesses (2007)</p> <p>Recommendations to the governments of Adygea and Dagestan Republics and the city government of Nalchik on setting the system of consulting services to small and medium enterprises (2007)</p> |
| Improve quality of state and municipal services | Works under the project “More effective and efficient regional spending on education in Stavropol Krai) completed (October 2005) |

Results

- A methodology has been developed for incorporating budgeting policy into design and implementation of socio-economic strategy for the North Caucasus. Presentation of the methodology took place at the Office of the Plenipotentiary Representative of the RF President in the Southern Federal District for the Office officials and representatives of the NC regions.
- The methodology for incorporating budgeting policy into design and implementation of socio-economic strategy was used when a strategy of socio-economic development of the city of Nalchik was developed.
- Governments of the Adygea Republic and the Republic of Dagestan have been the first NC regions who introduced and adopted the 3-year budget laws

Lessons Learned

1. The attitude of the vast majority of the republics in the North Caucasus to technical assistance provided by CFP with the financial support of USAID was extremely positive. There was no prejudice to it among staff of finance authorities. Interaction with state or municipal officials took place in an open and friendly atmosphere. Inter-regional seminars conducted by CFP proved to be very popular and even contributed to mitigating ethnic contradictions among participants who recognized the fact that they had common problems in the field of public finance management that had to be resolved.
2. In the NC republics, development and approval of laws addressing public finance management reforms does not mean that the laws will be rigorously observed everywhere and that the reforms will be implemented. Thus, in spite of the fact that the programs of regional finance reform adopted in Dagestan and North Ossetia were among the winners of the competition of programs conducted by the RF Ministry of Finance, their implementation faced a number of problems and, as a result, some program items had not been fulfilled. What is more, some North Ossetia regulations aimed at the reform were effective only for a short time and cancelled thereafter.
3. Two features inherent to the NC republics - their heavy dependence on subsidies and poor quality of public finance management – had convicted the federal government that one is the inevitable companion of the other. As a result, amendments were made to the RF Budget Code to limit budget powers of all heavily subsidized regions (additional restrictions on borrowing, expenditure items, contingency funds etc.). This had a negative effect on the development of those regions (mostly depressed regions in the European Russia and Far East) whose revenue capacity was not very high for various objective reasons but public finance management was quite good.

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4. The experience of NC republics has shown that the combination of high subsidization of regions and paternalist attitude on the part of the federal center deprive subnational governments of incentives to mobilize own resources for development, while strategies developed by regions become a rationale for ever new federal funding. In these circumstances there is no point to raise the issue of incorporating budgeting policy into design and implementation of socio-economic strategy.
 5. North Caucasian tribal traditions directly affect the nature and effectiveness of public expenditures in the NC republics. Very often wages even in state institutions (schools, hospitals) are paid in “black cash”, that is unaccounted for taxes. The same applies to the procurement of goods by these institutions. Also, employees receive much smaller amounts than indicated in their contracts because they traditionally “share” their income with bosses. Thus, struggle with shadow economy and embezzlement come to the forefront in these republics. Success can be observed in those republics where the finance ministry gives priority to resolving such issues and looks for solutions. The government of Kabarda-Balkar Republic, for example, adopted IT technology to address the problem and introduced non-cash payments for all operations in the public sector. For this purpose, every government official and government institution employee was provided with a debit card and every spending institution with a corporate bank card.
 6. During the implementation of Component Three, CFP had to abandon the idea of a Center for Excellence for state and municipal officials of the North Caucasus. The main reason was the sudden resignation of the minister of finance of Stavropol Krai who was the initiator and proponent of the Center. Neither the new minister nor ministers of other NC regions were enthusiastic about the idea of the Center. CFP discussed it with the leaders of the North Caucasus branch of the Academy of Government Service in the city of Pyatigorsk but the conditions put forward by its management were unacceptable for CFP. This is just another example that shows how great is the role of regional leaders in the initiation and promotion of local reforms.



Part II. Institutional Strengthening

Background

CFP was founded in 2000 by a community of Russian experts with no previous experience in management and development of not-for-profit organizations. During the implementation of the *Russian Federation Public Finance Program* (2000-2003) the CFP has made significant advancements in its goal to become a self-sustainable institution. The CFP personnel was mastering appropriate skills, learning from their Russian and foreign colleagues' experience and undertaking market studies in their areas of competence in order for their organization to be appropriately positioned and opportunities for its sustainable development to be searched for. CFP has developed a business culture of aggressively identifying clients and mobilizing resources to provide services and product lines.

CFP wanted to see itself in the future as a leading think tank in the area of public finance, playing an ever greater role of a key sectoral "change agent", i.e. a catalyst for sustained initiatives across civil society for democratic reforms and open, responsive governance.

Institutional strengthening was critical for enabling CFP to successfully respond to challenges which face an NGO in its strive for sustainable development. The activities, which could improve the CFP's organizational capacity, enhance its financial viability, improve advocacy skills to prepare for a sustainable future as USAID resources decline, should be addressed first of all through professional development, enhanced visibility, higher competitiveness, enlarged partnership network and improved quality of management.

In three years, the CFP has grown from an initial staff of 12 to 35. It became possible due to expanding of CFP activities outside of the sole USAID Cooperative Agreement. CFP was learning to manage several contracts simultaneously and its management staff urgently needed to improve its management capacity.

During the implementation of the *Russian Federation Public Finance Program* (2000-2003), various key strategic documents were developed, including a Business Plan, a Strategic Plan, a financial policy manual which covers personnel management issues (personnel contracts), a staff performance assessment system, and an internal quality control system.

In addition to institutional development, significant investments were made in the professional development of the CFP's staff. Almost all experts attended professional training programs including study tours and educational programs, workshops in technical fields, managerial and administrative training, individual mentoring, and hands-on training.

Main Problems Addressed

To achieve the intended vision and strengthen its institutional and financial sustainability, CFP needed to address the major problems, identified as the following:

- Lack of personnel's skills in areas that were going to become the focus of the RF public administration reforms.
- Low level of Center experts' skills in project management.
- Lack of marketing policy.
- Lack of the internal CFP systems and processes for high quality output
- Low diversification of CFP funding

-
- Nonexistence of an independent external body in CFP, such as Advisory Board, which could make its activities more transparent and enable us to obtain external advice

Specific Objectives of CFP Institutional Strengthening

To address the problems above, the following *specific objectives* were determined:

- Improve administration and operations
- Enhance human resources development
- Develop public relations, reputation and visibility
- Expand market geography and client base
- Diversify funding and introduce new products

Actions to Resolve the Problems

1. Improve administration and operations

The new stage of CFP development had imposed new functions on its leaders and staff. CFP Director could no longer be involved in every project implemented by CFP experts. Its role was to focus on CFP strategy and represent the Center in client circles as Director General. Other Director's functions were subdivided between Academic Director, Director for Business Development and Financial Director with relevant teams (responsible for budget policy projects, IGFR projects, business development and administration) reporting to them.

To face the challenges of operating in a commercial environment where the staffing structure needed to remain flexible to respond to varying levels of business activity, CFP conducted a full analysis on staffing, recruitment and contractual options. As a result, every staff member received an updated description of his/her job, and an analysis of key functions, descriptions of and recommendations on staffing strategy was carried out. To assess actual performance and accomplishments of CFP employees, the CFP managers used the performance evaluation tools which also helped to take personnel decisions, identify training needs and promote professional growth.

In all activities, CFP determined the optimal size of the Center given the existing demand for its services. Full-time employees were to constitute the core of both CFP's institutional workforce and its project staff; fluctuations in demand were managed by hiring part-time employees and subcontractors.

CFP has formed a data base of free-lance experts and professional organizations that met CFP standards. When in need of additional LOE to carry out the tasks under CFP projects it contracted out some of the assignments thus regulating the overall workload.

CFP actively cooperated with Russian and foreign think tanks, public organizations and associations to form consortiums and participate as partners in bidding for and implementing projects funded by governments or international donors

Annual CFP team-building sessions were aimed to discuss CFP development issues and contribute a lot to improvement of CFP administration and operations.

To ensure that CFP data base is safely stored, the CFP's personnel and clients have quick access to information, and also to maintain the required speed of processing information, the CFP

upgraded computers and other technical equipment, which increased capacity of internal computer network and created an effective information system.

To effectively disseminate its analytical papers, deliver policy recommendations, educate regional and municipal fiscal authorities and stimulate public discussions on all aspects of intergovernmental fiscal reform in Russia, the CFP significantly improved its web site and made it interactive. The upgraded CFP's site provided a convenient location and implemented user-friendly technologies so that external users could easily download all requested publications. In addition, it served as a reference tool on public finance matters for visitors. The modernized web-site also contributed to strengthening the CFP's reputation as a leading think tank in public finance technical area in Russia.

Results

- Increased managerial responsibility for a broader number of the CFP staff members, and decreased management burden on the CFP Director;
- Strengthened management capacity of the staff members;
- Improved system of CFP management which strengthened its competitive position.
- Increase number of partner organizations, including
 - Institute of Urban Economics Russia
 - Institute for the Economy in Transition (Gaidar Institute for Economic Policy) Russia
 - Academy of National Economy Russia
 - ECORYS Russia
 - RB-Center Russia
 - Agency for Social Information Russia
 - The National Foundation for the Prevention of Cruelty to Children Russia
 - Microsoft LLC Russia
 - Modern Business Technologies Russia
 - CASE Poland
 - Deloitte Touche USA
 - WYG International UK
 - Gruppo Soges S.p.A. Italy
 - PKF LLP UK
 - The European Center for Not-for-Profit Law Lithuania
 - PDP Pty Ltd Australia
 - SOFRECO France
 - Georgia State University USA
 - Bearing Point USA
 - ATOS Consulting UK
- ICT used by CFP experts upgraded
- CFP's web-site improved

2. Enhance human resources development

The key to enhancing the CFP sustainability was to build the professional capacity of each of its staff members. The aim of HR policies was to develop technical skills of CFP staff members and to expand their knowledge in the areas of professional expertise. The HR improvement plan included:

- outside training for developing technical skills;
- participation in relevant national and international conferences to get to know about national and international best practice cases;
- participation in study tours to learn more about international practices;
- implementation of performance based wage policy
- hardware and software upgrades to improve the use of ICT

The staff management policy is based on the idea of social partnership providing for common understanding of CFP's goals and objectives and mutual effort in business development, which are the key elements of credibility strengthening and competitive capacity building.

Weekly CFP staff meetings contribute a lot to human resources development. They serve as a space to discuss new trends in public finance management and new findings of CFP experts. These meetings also are used to share the challenges the CFP is facing and to discuss the development options.

Results

- The CFP has improved its human resource strategy, including its remuneration policy
- CFP staff has gained a better working environment
- The CFP management's efforts targeted at expansion of the staff capabilities and creativity assured the stability of human resources at the Center for Fiscal Policy
- Joint commitment of staff to CFP vision and mission was enhancing the CFP goodwill and credit, improving its competitiveness
- CFP staff improved its professional skills via the following training, and retraining events:
 - Conferences, round tables and seminars held by international donors (World Bank, DIFID, UNICEF, UNDP Europe, USA – 2003 -2011);
 - Forums, round tables and conferences held by the RF federal government (2003 – 2011);
 - Academic conferences held by Russian and international Universities (2003 – 2011).
 - Study Tour to Canada to learn about Canadian intergovernmental system (on the invitation of CEPRA, 2004)
 - Queen's University executive education program on investment appraisal and risk analysis held at Kingston, Canada (June - July, 2004)

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- Training courses on Intergovernmental Fiscal Relations and Local Financial Management and Public Management of Urban Change in Transitional Cities held by Open Society Institute and the World Bank (Hungary 2004, 2005, 2006, 2007, 2009)
 - The Forum of Federations international conferences (Switzerland 2004, Belgium 2006, India 2008)
 - Economic Forums held by the RF regional governments (2005 – 2011);
 - The Forum of Federations international workshops (Brazil 2005, Germany 2007, Canada 2008, USA 2009)
 - International Conference of the Global Development Network – GDN (Brisbane, Australia, February 2008)
 - International conferences in FSU countries (Kazakhstan 2008, 2009, 2010, 2011; Uzbekistan 2007, Georgia 2011, Armenia 2007, 2009; Moldova 2006; Kyrgyzstan 2007)

3. Develop public relations, reputation and visibility

Under USAID/Russia funding, the CFP had grown from a team of experts to a prominent Russian think tank providing policy advice to government at all levels.

The CFP goal was to position itself as an independent and highly professional expert organization (think tank) in its area of competence. Due to USAID funding CFP was able to carry out research and develop recommendations to the Government of Russia on designing and implementing reforms. CFP has become part of a limited circle of advisers to federal (central) government. It was due to available USAID funding that CFP experts could dedicate their time to research and advisory services for the Russian government and at the same time were able to keep unbiased and independent position. Sometimes our advice did not make our clients happy, but in the long run this position contributed to the CFP reputation as a competent and unprejudiced adviser. This is confirmed by presence of CFP experts in various councils with governmental bodies involved in working out development and reforms plans.

To further public outreach, CFP strengthened its public relations and marketing policies through publishing and disseminating CFP materials (newsletters and reports) and participating in workshops and conferences (see *Attachments 3*).

Results

- CFP became well known in Russia, FSU and western countries for its high quality technical assistance to federal, regional and local governments in the area of fiscal reform, budget planning, intergovernmental relations
- CFP experts are frequently invited to attend international conferences and consultations on public finance management and fiscal decentralization issues to share their experiences gained in Russia and other transitional economies
- CFP has gained the acknowledgment and recognition from Russian partners, international organizations and best western consulting companies
- The CFP's independent and professional expertise was recognized by membership of its experts in a number of advisory councils, e.g.:
 - World Bank (Russia) Consultative Group;

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- Forum of Federations Expert Committee;
 - Interdepartmental Working Group on Federal Relations and Local Self-Governance under the Presidential Commission for Improving Public Administration and Justice
 - Public Council on Local Self-Governance under the Chairman of the Russian Parliament (State Duma);
 - Expert Council under the RF State Duma Committee on Federation Affairs and Regional Policy
 - Expert Council with the RF Accounts Chamber;
 - Council under the Government Commission on Sustainable Development of the Russian Economy
 - Public Council under the RF Ministry of Regional Development
 - The Working Group on Decentralization under the RF President
 - The Working Group on Amendments to the RF Development Strategy 2020 (Federalism and Local Self-Governance) under the RF Prime Minister
- CFP became a permanent member of the All-Russian Financiers' Community of Russia Organization and the Association of Independent Centers for Economic Analysis and Donors Forum.

4. Expand market geography and client base

To expand the geography of its operations, the CFP develops new contacts with Russian regions and municipalities. As a result, the number of CFP's permanent clients among regional and local governments in Russia has grown considerably. Many of these new clients are regions and municipalities of the North Caucasus and the Far East. The commitment to long-term collaboration with the CFP is one of the major criteria in selection of new partner regions and municipalities.

Apart from the Russian Federation, the CFP has increased its activity in former Soviet Union countries. The CFP has provided technical assistance to the governments of a number of CIS countries and other countries in transition.

Historically, most of the CFP's clients have been federal/regional/local *finance management* bodies. Because transition to performance budgeting demands no less efforts on the side of *line ministries* the latter started more and more to appear among CFP clients. Legislative bodies and accounting chambers both federal and regional also found that they need CFP advice.

Private companies as well were addressing CFP to assist in implementing sustainable corporate growth strategies, including: development of local communities, application of best practices of municipal management, and assessment of local development capacity.

Another line of new clients represent professional Associations and Unions, interested in CFP assistance in protecting their interests.

Results

- The CFP client geography included:
 - Russia
 - Long term assistance was provide to 34 regions
 - Short term assistance was provided to 18 regions

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- Representatives of 80 regions have been participants to CFP training events

Other countries

- Kazakhstan
- Kyrgyzstan
- Moldova
- Belarus
- Armenia
- Tajikistan
- Lithuania
- Laos

- The CFP list of clients included:

Federal

- State Duma
- Federation Council
- President's Office
- Accounting Chamber
- Ministry of Finance
- Ministry of Economic Development
- Ministry for Regional Development
- Ministry of Education
- Federal Fishing agency

Regional

- Legislative bodies of regional governments
- Regional Accounting Chambers
- Finance bodies of regional governments
- Economic bodies of regional governments
- Health care bodies of regional governments
- Education bodies of regional governments
- Social Protection bodies of regional governments
- H&U bodies of regional governments

Municipal

- Finance bodies of municipal governments
- Economic bodies of municipal governments
- Education bodies of municipal governments
- H&U bodies of municipal governments

Business

- Vnesheconombank
- UGMK joint-stock company (2003)
- SUAL
- Nefteugansk branch of Salyk Petroleum Development
- Strategy Partners Pro Invest Group

-
- Balei sustainable growth union (Taseevskoye joint venture)
 - Severstal-Resurs

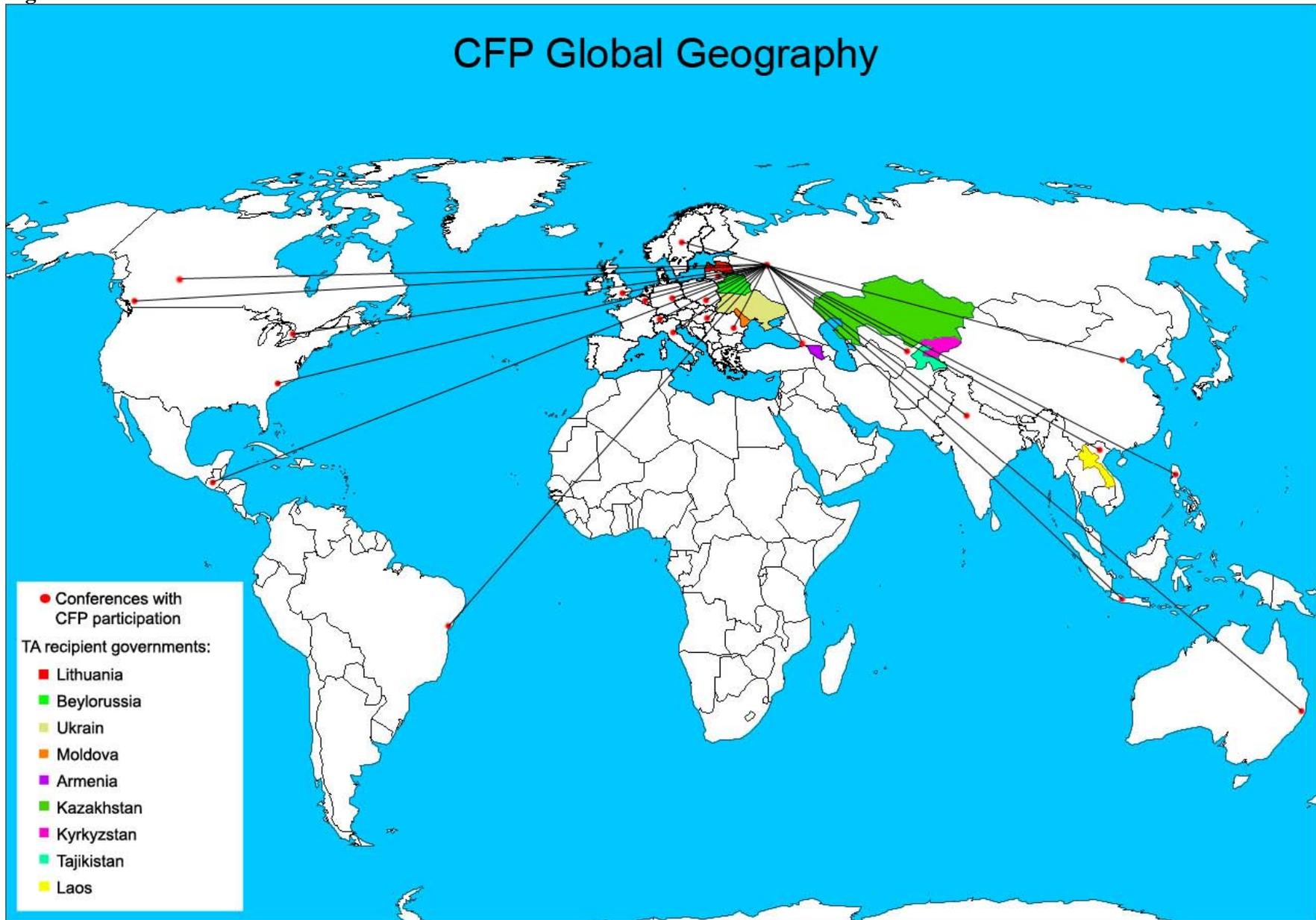
Associations

- Russian Union of Municipalities
- Russian Financiers' Community
- Rostov Oblast Union of Municipalities

Figure 4.



Figure 5



5. Diversify funding and introduce new products

The gradual phase-out of USAID assistance programs has stimulated the CFP's search for new funding sources and a development strategy based on a more diversified support for the CFP's mission. CFP has developed the policy for seeking new funding opportunities, monitoring announcements of tenders in the area of CFP expertise and bidding for contracts. The latter had expanded CFP's client base, market geography and diversified funding.

The growing demand for CFP services increased the number of fee-based TA contracts with Russian and foreign central and sub-national governments and international donors, which had a positive effect on its financial sustainability.

In order to broaden its client base CFP was expanding its areas of professional expertise and developing new products. Market analysis done by CFP has revealed the products that were mostly required by the TA market. It was essential that the CFP new products were designed to meet the needs of prospective clients in improving public finance management and public sector performance.

Results

- The sustainability of CFP continued to increase. By the end of 2010, the USAID's share in total CFP funding has reduced to about 50% (see Figure 6).
- The number of CFP fee-based TA contracts was permanently increasing (see Figure 7)
- The number of products proposed by CFP to TA market has increased and included:
 - toolkit for efficient regional/local financial management;
 - risk management in multiyear planning and budgeting;
 - public assets management toolkit;
 - identification of public services provided by local/regional governments;
 - methodology for establishing standards for public services;
 - methodology for costing public services;
 - cost-benefit analysis of public sector reform options;
 - etc.

Figure 6. CFP Funding Diversification

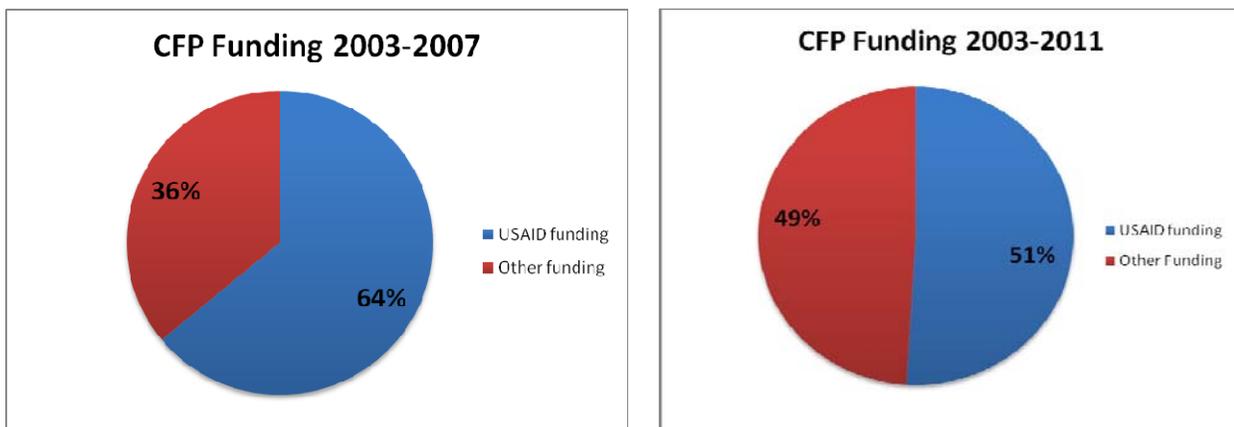
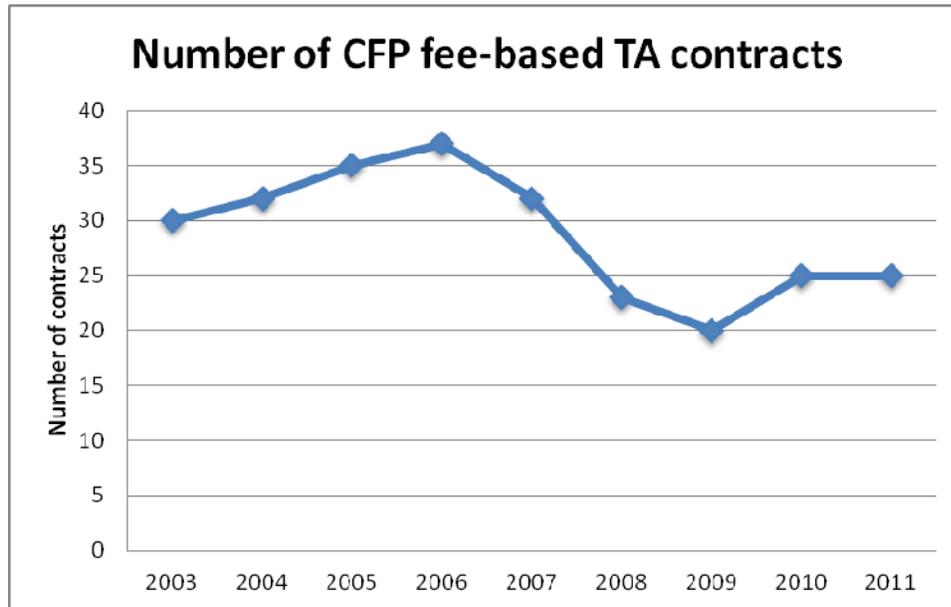


Figure 7.



Lessons Learned

- The basis for the Center’s sustainable development gained for the last decade, was a high level of its personnel’s expertise in the field of CFP activities. During CFP’s existence CFP staff members have achieved a high level of professionalism in the course of CFP’s activities, enabling the Center to gain wide acceptance among both its Russian and foreign colleagues as well as partners from federal, regional and municipal bodies of government.
- Participation in expert councils of federal bodies of the legislative and executive branches of government and in Russian national and regional organizations also made an important contribution to raising CFP’s profile.
- Under the project activities CFP improved management and operational efficiencies and work processes, aimed at development of sound internal policies and procedures corresponding to best international practice for NGOs (for instance, establishing clear roles and responsibilities of employees and mechanisms for efficient delegation of authority).
- CFP’s experience has demonstrated an important role played in Center’s recognition by annual April workshops that have become a tradition. The CFP has been holding the workshops since the date of its establishment (in 2000). They became very popular with regional and municipal employees, allowing participants, on the one hand, to learn straight from officials of federal ministries about trends in Russian reforms, and on the other, to get comments from CFP experts providing a deeper insight into proposed changes.
- CFP succeeded in formation of the Board of Directors. Key management decisions in CFP were made by the Board of Directors, each Director being a CFP staff member.

Furthermore, most critical decisions have been taken on the basis of consensus reached by partners of the not-for-profit partnership, as required by the Charter.

- Though CFP was making efforts to set up the Advisory Board (AB) this was not finalized. The reason was that CFP did not want to have this body for formality reasons. However to find proper Russian experts who were neither CFP clients, nor CFP competitors appeared to be quite a challenge. Besides, employees of international donor organizations who were also considered to be good candidates appeared to have no rights to enter this kind of bodies. As regards foreign experts, CFP did not have adequate funds to pay for their international travel to participate at AB meetings. With the ICT expansion this problem can be solved: the meetings can be hold via video conference. In the near future CFP will continue its efforts to create an efficient Advisory that will bring together best independent Russian and foreign experts in our activity spectrum.



Attachment 1. Federal, regional and municipal legal acts developed with USG assistance

| I 2003-2004 | II 2004-2005 | III 2005-2006 | IV 2006-2007 |
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| <ol style="list-style-type: none"> 1. Amendments to the Budget Code of the Russian Federation Article 63, 84, 142-1, 142-2- 2004 2. Tax Code, Part I - Article 14 - 2004 3. Tax Code, Part I – Article 15 - 2004 4. Tax Code, Part I - Article 30 - 2004, 5. Tax Code, Part II (Article 391 (5) – 2003 6. Federal Law № 131-FZ On General Principle of Organization of Local Self-Governance (Articles 15 (4), 58, 59) - 2003 7. Federal Law # 122 FZ dated 22.08.2004 on elimination of unfunded federal mandates - 2004 8. Methodology for monitoring the financial condition of the subjects of the Russian Federation was developed and submitted to the Ministry | <ol style="list-style-type: none"> 1. Amendments to the Federal Law № 131-FZ On General Principle of Organization of Local Self-Governance (Articles 34 (9), 55 (2)) - 2004 2. Draft law on intergovernmental fiscal relations in Volgograd Oblast, Perm Oblast Oblast – 2004, 2005 3. Draft laws on the allocation of regional funds for financial support of municipal raions (city districts) and regional funds for financial support of settlements have been developed for Chita Oblast, Volgograd Oblast, Republic of Mari El Oblast – 2004, 2005 | <ol style="list-style-type: none"> 1. Amendments to the Tax Code, Part II Articles, 381, 395 - 2006 2. Amendments to the Federal Law № 131-FZ On General Principle of Organization of Local Self-Governance (Articles 19 (5) 53(4), 60 (5), 61 (4)) – 2005, 2006 3. Draft law on intergovernmental fiscal relations in Kabarda-Balkar Republic, Amur Oblast, Smolensk Oblast – 2005, 2006 4. Draft laws on the allocation of regional funds for financial support of municipal raions (city districts) and regional funds for financial support of settlements for Kabarda-Balkar Republic, Republic of Komi, Amur Oblast Oblast – 2005, 2006 5. Model regional law “On Delegation of Mandates to Local Self-government Regarding Financial Support | <ol style="list-style-type: none"> 1. On the Evaluation of Efficiency of Executive Bodies in the Subjects of the <i>Russian Federation</i> (Presidential Decree # 825 of June 28, 2007) 2. Amendments to the Budget Code pertaining to the regulation of the budget process and intergovernmental fiscal relations (Budget Code as amended by Federal Law # 53-FZ of April 20, 2007) 3. Improvement of the Grants Allocation Methodology to equalize fiscal capacity of subjects of the Russian Federation using tax base including main revenue sources for tax capacity calculation (Resolution of the Government of the Russian Federation # 745 of November 3, 2007 “On Amendments to Resolution of the Government of the Russian Federation # 670 of November 22, 2004). Evaluation of effectiveness of executive authorities of the subjects of the Russian Federation (Decree of RF President # 825 of June 28, 2007) 4. Resolution of the Assembly of Representatives of the City of Vladikavkaz # 40/4 dated October 11, 2006 “On the procedure of development, approval and funding of municipal targeted and municipal targeted programs of the city of Vladikavkaz” 5. Law of Amur Oblast # 208-OZ dated August 18, 2006 “On amendments to the Law of Amur Oblast “On intergovernmental fiscal relations in Amur Oblast”” 6. Law of Amur Oblast # 230-OZ dated October 5, 2006 “On amendments to the Law of Amur Oblast “On intergovernmental fiscal relations in Amur Oblast”” 7. Resolution of the Government of Karachai-Circassian Republic # 303 dated August 6, 2007 “On the preparation of performance and policy reports of subjects of budget planning of Karachai-Circassian Republic” 8. Draft budget of the city of Moscow for 2007 9. Law of the Republic of Kalmykia # 290-III-3 “On intergovernmental fiscal relations” dated 16/10.2006 10. Law of Stavropol Krai # 43-kz “On amendments to the Law of Stavropol Krai “On |

| I 2003-2004 | II 2004-2005 | III 2005-2006 | IV 2006-2007 |
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| <p>of Finance of the Russian Federation - 2003</p> <p>9. Draft law on intergovernmental fiscal relations in Republic of Buryatia, Stavropol Krai, Magadan Oblast, Chita Oblast - 2003, 2004</p> | | <p>of Education Process and Housing and Utilities Earmarked Allowances” developed - 2006</p> <p>6. Model regional law “On Delegation of Mandates to Local Self-government Regarding Financial Support of Education Process and Housing and Utilities Earmarked Allowances”- 2006</p> | <p>intergovernmental fiscal relations in Stavropol Krai” dated 10.07.2006</p> <p>11. Resolution on approval of the procedure for the development of long-term financial plan of Segezha municipal raion, 2007</p> <p>12. Resolution # 47on budget of Segezha municipal raion for 2007, dated 25.12.2006</p> <p>13. The Decree of the Major # 427 on strategy for strengthening the revenue base through small business development in the city of Kamensk-Uralsky, Sverdlovsk Oblast, dated 24.03.2006</p> <p>14. Chita Oblast Law # 842-ZChO dated September 29, 2006 “On amendments to the Law of Chita Oblast # 725- ZChO dated October 19, 2005 “On intergovernmental fiscal relations in Chita Oblast””</p> <p>15. Chita Oblast Law # 1037-ZChO dated November 21, 2007 “On intergovernmental fiscal relations in Chita Oblast”</p> <p>16. Law of the Republic of Adygea # 395 dated January 21, 2006 “On intergovernmental fiscal relations in the Republic of Adygea”</p> <p>17. Resolution of the Head of Ussuriisk city district, Primorsky Krai, # 2041 dated December 4, 2007 “On the procedure of keeping the register of expenditure responsibilities”</p> <p>18. Resolution of the Head of Ussuriisk city district # 1109 dated July 18, 2007 “Concerning regulations on performance and policy reports prepared by subjects of budget planning of Ussuriisk city district”</p> <p>19. Draft law “On intergovernmental fiscal relations in Kabarda-Balkar Republic”</p> <p>20. Amendments to the law “On intergovernmental fiscal relations in Smolensk Oblast” dated 04.12.2006</p> <p>21. Law of Irkutsk Oblast # 56-oz “On intergovernmental transfers and sharing rates of shared taxes due to local budgets” dated 23.07.2008</p> <p>22. Resolution on the allocation of the Oblast fund for financial support of municipal raions (city districts) with regard to Petropavlovsk-Kamchatsky city district</p> <p>23. Improved allocation of subsidies dated the Oblast budget for which the estimation of expenditure responsibilities and the allocation formula have been refined (for</p> |

| I 2003-2004 | II 2004-2005 | III 2005-2006 | IV 2006-2007 |
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| | | | <p>Petropavlovsk-Kamchatsky city district)</p> <p>24. Draft resolutions on the allocation of regional funds for financial support of municipal raions (city districts) and regional funds for financial support of settlements were developed for 15 subjects of the Russian Federation: Republic of Adygea, Republic of Buryatia, Kabarda-Balkar Republic, Karachai-Circassian Republic, Republic of Komi, Udmurt Republic, Stavropol Krai, Amur Oblast, Astrakhan Oblast, Volgograd Oblast, Magadan Oblast, Perm Oblast, Tula Oblast, Chita Oblast, Chukotka Autonomous District); the methodologies have been approved and used for financial support allocation in 2006)</p> <p>25. Amendments to the Budget Code of the Russian Federation Articles 58 (2 and 3), 61 (2), 61.1 (2), 92 (4 and 5), 135, 137 (4), 138 (4),- 2007</p> <p>26. Tax Code, Part II (Article 226 (7) - 2007</p> <p>27. Draft resolution on the allocation of subsidies from the Fund for Social Expenditures Co-financing was developed and submitted to the Ministry of Finance of the Russian Federation (it formed the basis for the formula according to which transfers were to be allocated from the Fund in 2007) - 2007</p> <p>28. Draft law on intergovernmental fiscal relations in Republic of Adygeya, Karachai-Circassian Republic, Astrakhan Oblast, Tula Oblast – 2006, 2007</p> |

| V 2007-2008 | VI 2008-2009 | VII 2009-2010 | VIII 2010-2011 |
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| <ol style="list-style-type: none"> 1. "On Assessment of Effectiveness of Gorodskoi Okrug and Municipal Raion Local Governments" (RF President's Decree № 607 dated 28.04.2008) 2. Federal Law "On measures on organization of local self-governance in Republic of Ingushetia and Chechen Republic" dated 24.11.2008 №207-FZ 3. Federal Law "On Amendments to Certain Legislative Acts of the Russian Federation "(in connection with the improvement of delineation of powers of public authorities) dated 25.12.2008 № 281-FZ 4. Federal Law "On Amendments to the Budget Code of the Russian Federation and Federal Law "On Amendments to the Budget Code of the RF to regulate the budget process and bring it into line with the budget legislation of the Russian Federation of certain legislative acts of the Russian Federation" dated 30.12.2008 № 310-FZ 5. RF Government Decree "On approving the rules for grant allocation to RF subjects for promotion achievements and (or) encourage achieving better performance indicators of the executive authorities of the RF subjects" dated 14.08.2008 №608 | <ol style="list-style-type: none"> 1. The Strategy for Intergovernmental Relations and Budgeting at Sub-national Level (in the period towards 2013) (Order of the RF Government from 08.08.2009 N 1123-p) 2. The draft of the Strategy for Improving Regional Policy in the Russian Federation (2009) 3. "On zones of territorial development and amendments to individual legislative acts of the Russian Federation" dated 03.12.2011 # 392-FZ 4. The draft of the Guidance to Regional Governments on Creating and Using Regional Reserve Funds (2009) 5. Resolution Of the Head of Nalchik administration, Kabarda-Balkar Republic, #2196 dated November 20, 2008 "On approval of the procedure for assessing the quality of finance management and solvency of Nalchik city district" 6. Resolution of Vladikavkaz administration #476 dated May 25, 2008 "On approval of the Provisions on annual estimation of needs in municipal services and the Provisions on treatment of the results of the annual estimation of needs in municipal services when planning budget expenditures for the next fiscal year and the planning period" | <ol style="list-style-type: none"> 1. "On the procedure for determining fees for the provision of services by budget institutions related to the core activities of budget institutions for citizens and legal entities" (Order of the RF Ministry of Finance N 423 dated 30.08.2010) 2. Resolution of the Government of the Russian Federation dated September 2, 2010 № 671 "On the order of formation of public assignment for federal government agencies and financial support for implementation of public assignments" 3. Order of the Ministry of Finance of the Russian Federation dated 30.08.2010 № 423 "On Approval of the procedure for determining fees for services (works), relating to basic activities of the state budget institutions under the Ministry of Finance of the Russian Federation, for citizens and legal entities" 4. "On approval of guidelines on the calculation of standard costs for | <ol style="list-style-type: none"> 1. Resolution of the Government of the Russian Federation #539 dated July 26, 2010 "On approval of the procedure for setting up, reorganization, changing the type of and liquidation of federal state institutions and on approval of founding charters of federal state institutions and amendments to them" 2. Resolution of the Government of the Russian Federation #538 dated July 26, 2010 "On the procedure of referring property of an autonomous or budget-supported institution to the category of especially valuable movable property" 3. Resolution of the Government of the Russian Federation # 671 dated September 2, 2010 "On the procedure for preparation of a public assignment for federal state institutions and for funding public assignment implementation" (together with "Provisions on the formulation of a public assignment for federal budget-supported and state-owned institutions and financial support for public assignment fulfillment") 4. Resolution of the Government of the Russian Federation #590 dated August 2, 2010 "On the procedure of execution |

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| <p>6. Law of the Republic of Adygea #224 dated December 23, 2008 (version dated April 1, 2009) "On intergovernmental fiscal relations in the Republic of Adygea"</p> <p>7. Law of Stavropol Krai #6-kz dated February 27, 2008 (version dated November 14, 2008) "On intergovernmental fiscal relations in Stavropol Krai"</p> <p>8. Resolution of the Government of the Republic of Dagestan #203a dated June 19, 2008 (version dated June 30, 2009) "On approval of the provisions concerning the procedure for public peer review of draft laws and other regulations of the Republic of Dagestan on fiscal policy"</p> <p>9. Resolution of the Government of the Republic of Dagestan #100 dated April 4, 2008 (version dated June 30, 2009) "On approval of the methodology of operational and annual evaluation of public finance management quality and solvency of municipalities in the Republic of Dagestan"</p> <p>10. Resolution of the Head of Administration of the city of Nalchik (KBR) #1130 dated June 23, 2008 "On estimation of fiscal and social efficiency of investment projects" (together with "Procedure of the estimation of " of fiscal and social efficiency of planned projects and those under implementation")</p> <p>11. Resolution of the Head of Administration of the city of Ussuriisk (Primorsky Krai) "Regulations on performance and policy reports prepared by subjects of budget planning of the city of Ussuriisk" (2007)</p> <p>12. Resolution # 255-na of the Head of Administration of the city of Artem (Primorsky Krai) "Provisions on</p> | <p>7. Resolution of Vladikavkaz administration #478 dated May 28, 2008 "On approval of the list of municipal services of the city of Vladikavkaz the needs in which are registered"</p> <p>8. Resolution of Vladikavkaz administration #1726 dated June 24, 2009 "On approval of the quality standards of public services in the field of city print media"</p> <p>9. Resolution of Vladikavkaz administration #1727 dated June 24, 2009 "On approval of the quality standards of public services in the field of transport services"</p> <p>10. Resolution of Vladikavkaz administration #1728 dated June 24, 2009 "On approval of the quality standards of public services in the forest sector"</p> <p>11. Resolution of Vladikavkaz administration #1738 dated June 25, 2009 "On approval of the quality standards of public services in land improvement"</p> <p>12. Resolution of Vladikavkaz administration #479 dated May 28, 2008 "On approval of the quality standards of public services in the healthcare sector"</p> <p>13. Resolution of Vladikavkaz administration #481 dated May 29, 2008 "On approval of monitoring of the quality of municipal services in the education sector"</p> <p>14. Resolution of Vladikavkaz administration #485 dated May 29, 2008 "On approval of standards of municipal services in the education sector"</p> <p>15. Resolution of Vladikavkaz administration #486 dated May 29, 2008 "On approval of the provisions on the assessment of quality of actual municipal services in conformity with</p> | <p>the provision of federal government agencies, public services and regulatory costs for the maintenance of the property of the federal government agencies" (Order of the Ministry of Finance of the Russian Federation and the Ministry of Economic Development and Trade of the Russian Federation # 137n/527 dated 29.10.2010)</p> <p>5. Resolution of the Government of the Russian Federation dated July 26, 2010 № 538 "On the procedure for inclusion of the property, or an autonomous institution to the budget category of particularly valuable movable property"</p> <p>6. Resolution of the Cabinet of the Republic of Adygea #108 dated June 16, 2010 "On amendments to the Resolution of the Cabinet Republic of Adygea #112 dated June 24, 2006 'On the procedure and terms of paid social services and those rendered free of charge to the elderly citizens and invalids of the state institutions providing social services to the population of the Republic of Adygea'"</p> <p>7. Resolution of the Cabinet of the Republic of Adygea #96 dated May 24, 2010 "On the assessment of compliance of public services rendered by state institutions of the Republic of Adygea to the approved requirements to the quality of</p> | <p>by a federal budget-supported institution of powers of a federal government authority (government body) regarding performance of public obligations to an individual enforceable in cash and financial support for their implementation" (together with the "Rules of execution by a federal budget-supported institution of powers of a federal government authority (government body) regarding performance of public obligations to an individual enforceable in cash and financial support for their implementation")</p> <p>5. Resolution of the Government of the Russian Federation #537 dated July 26, 2010 "On the procedure of execution by federal executive authorities of functions and powers of the founder of a federal state institution" (together with the "Provisions on the execution by federal executive authorities of functions and powers of the founder of a federal state institution" and the "Provisions on the execution by federal executive authorities of functions and powers of the founder of a federal state-owned institution")</p> <p>6. Resolution of the Government of the Russian Federation #1045 dated December 17, 2010 "On amendments to and repeal of some acts of the Government of the Russian Federation"</p> <p>7. Order of the Ministry of Finance of the Russian Federation #81n dated July 28, 2010 "On the requirements to the plan of financial and economic activity of the state (municipal) institution"</p> |
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| <p>development, approval and implementation procedure of departmental targeted programs in the city of Artem” dated 28.03.2008</p> <p>13. Decision of the City Duma of Petropavlovsk-Kamchatsky city district of Kamchatka Oblast # 549-r dated January 24, 2007 "On adoption of amendments to the Provisions of the budget process and budget system in Petropavlovsk-Kamchatsky city district #12-nd dated April 24, 2006"</p> <p>14. Decision of the City Duma of Petropavlovsk-Kamchatsky city district of Kamchatka Oblast #550-r dated January 24, 2007 “On amendments to the Long-term target social program of Petropavlovsk-Kamchatsky city district of 2006-2008"</p> <p>15. Decision of the City Duma of Petropavlovsk-Kamchatsky city district of Kamchatka Oblast #554-r dated January 24, 2007 "On amendments to the long-term target social program ‘Development of the education system of Petropavlovsk-Kamchatsky city district in 2006 – 2010’"</p> <p>16. Decision of the City Duma of Petropavlovsk-Kamchatsky city district of Kamchatka Oblast #573-r dated March 28, 2007 “On amendments to the Provisions on the budget process and budgetary system in Petropavlovsk-Kamchatsky city district #12-ND dated April 24, 2006”</p> <p>17. Decision of the City Duma of Petropavlovsk-Kamchatsky city district of Kamchatka Oblast #604-r dated March 29, 2007 “On amendments to the Provisions on the budget process and budgetary system in Petropavlovsk-Kamchatsky city district</p> | <p>service standards”</p> <p>16. Resolution of Vladikavkaz administration #494/1 dated May 30, 2008 “On approval of monitoring the quality of municipal services in the cultural sector”</p> <p>17. Resolution of Vladikavkaz administration #470 dated May 28, 2008 “On approval of quality standards of municipal services in the cultural sector”</p> <p>18. Resolution of Vladikavkaz administration #1733 dated June 24, 2009 “On implementation of the Federal Law on autonomous institutions”</p> <p>19. Resolution of Vladikavkaz administration #490 dated May 30, 2008 “On approval of the Provisions on the development, approval and implementation of departmental targeted programs, performance and output indicators, adjustments of budget funds allocated to the departments on the basis of outputs”</p> <p>20. Resolution of Vladikavkaz administration #1730 dated June 24, 2009 “On approval of quantitative indicators for assessing fulfillment of functions and tasks by the local self-government departments and the procedure for the adjustment of funds allocated to subjects of budget planning on the basis of their planned and actual outputs”</p> <p>21. Resolution of Vladikavkaz administration #488 dated May 30, 2008 “On approval of the Provisions on development and implementation of Vladikavkaz municipality targeted programs and on transitional provisions”</p> <p>22. Resolution of Vladikavkaz administration #498 dated May 30, 2008 “On approval of the procedure for concluding municipal contracts (agreements) for the duration of municipal</p> | <p>public services”</p> <p>8. Resolution of the Cabinet of the Republic of Adygea #95 dated May or 24, 2010 “On monitoring the needs in public services rendered by state institutions of the Republic of Adygea and taking monitoring results into account when drafting the budget of the Republic of Adygea”</p> <p>9. Resolution of the Cabinet of the Republic of Adygea #84 dated May 13, 2010 “On amendments to the Resolution of the Cabinet of the Republic of Adygea #237 dated December 16, 2009 ‘On the procedure of formulation and financial support of the state assignment by state institutions of the Republic of Adygea’”</p> <p>10. Resolution of the Cabinet of the Republic of Adygea #76 dated April 26, 2010 “On amendments to Resolution of the Cabinet of the Republic of Adygea #236 dated December 16, 2009 ‘On the list of public services rendered by state institutions of the Republic of Adygea to legal entities and individuals and funded from the budget of the Republic of Adygea’”</p> <p>11. Resolution of the Cabinet of the Republic of Adygea #74 dated April 26, 2010 “On the payment procedure of compensations for childcare at educational institutions that implement basic programs of general preschool</p> | <p>8. Order of the Ministry of Finance of the Russian Federation #112n dated November 20, 2007 (version dated July 30, 2010) "On general requirements to the procedure of budget formulation, approval and management by state-owned institutions”</p> <p>9. Order of the Federal Service of the Russian Federation for Technical and Export Control #73 dated February 11, 2011““On identification of kinds of especially valuable movable property of federal autonomous institutions subordinate to the FSTEC of Russia”</p> <p>10. Order of the Ministry of Education and Science #2261 dated December 31, 2010 “On identification of kinds of especially valuable movable property”</p> <p>11. Order of the Ministry of Finance of the Russian Federation #423 dated August 30, 2010 “On approval of the procedure for determining fees to be paid by citizens and legal entities for rendered services (carried out works) related to core activities of state budget-supported institutions under the Ministry of Finance of the Russian Federation when such services are rendered in excess of the public assignment and, in cases determined by federal laws, within the scope of the public assignment”</p> <p>12. Order of the Ministry of Finance of the Russian Federation #422 dated August 30, 2010 “On approval of the procedure of development and approval of the plan of financial and economic activity of state budget-supported institutions within the jurisdiction of the Ministry of Finance of the Russian Federation”</p> |
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| <p>#12-ND dated April 24, 2006”</p> <p>18. Law # 11-RZ “On the budgetary system and budget process in Kabarda-Balkar Republic” dated 07.02.2011</p> <p>19. Law of Kamchatka Oblast # 575 “On amendments to the law of Kamchatka Oblast ‘On intergovernmental transfers and sharing rates of shared taxes due to the Oblast budget’” dated 14.03.2007</p> <p>20. Law of Stavropol Krai # 83-kz “On amendments to the law of Stavropol Krai ‘On intergovernmental fiscal relations in Stavropol Krai’ (2004-2008) dated 14.11.2008</p> <p>21. Resolution of Stavropol Krai government # 77-p providing for the evaluation of effectiveness of granted and planned for granting tax incentives, dated 21.05.2008</p> <p>22. Draft resolution on improving the performance of the local self-government and municipal institutions of Artem city district (2008)</p> <p>23. Provisions on the procedure of development, approval and implementation of departmental targeted programs in Artem city district (2008)</p> <p>24. Resolution of the Artem city district administration “On approval the allocation of local budget funds and terms and conditions of their spending on water supply and water removal services” (2008)</p> <p>25. Resolution of the Artem city district administration “On approval the allocation of local budget funds and terms and conditions of their spending on public lighting in Artem city district” (2008)</p> <p>26. Resolution of the Artem city district</p> | <p>long-term municipal programs”</p> <p>23. Resolution of Vladikavkaz administration #500 dated May 30, 2008 “Approval of the formula for separate planning of budgetary appropriations on current responsibilities and those to be adopted and calculation of Vladikavkaz budget outlays on fulfillment of the relevant expenditure responsibilities”</p> <p>24. Resolution of Vladikavkaz administration #491 dated May 30, 2008 “On approval of the methodology for planning temporary cash gaps and formation of financial reserves to cover them during the city budget execution process”</p> <p>25. Resolution of Vladikavkaz administration #487 dated May 30, 2008 “On approval of the procedure of operational reporting on the status and treatment of outstanding liabilities of municipal institutions and municipal unitary enterprises subsidized from Vladikavkaz budget”</p> <p>26. Resolution of Vladikavkaz administration #499 dated May 30, 2008 “On approval of the plan of activities to restructure overdue outstanding liabilities and their registration in form of other liabilities”</p> <p>27. Resolution of Vladikavkaz administration #495 dated May 30, 2008 “On approval of Provisions on the public peer review of draft decisions made by the Assembly of Representatives of the city of Vladikavkaz developed by the city administration regarding the Vladikavkaz fiscal policy”</p> <p>28. Resolution of Vladikavkaz administration #1740 dated June 25, 2009 “On approval of the debt settlement (repayment) procedure for municipal unitary enterprises and housing and utilities institutions in Vladikavkaz”</p> | <p>education (with the exception of state educational establishments)”</p> <p>12. Resolution of the Head of the “City of Maikop” municipality #273 dated April 9, 2010 “On approval of the formation and maintenance of the register of municipal services (functions) in the ‘City of Maikop’ municipality” (together with “The Register of municipal services (functions) in the ‘City of Maikop’ municipality”)</p> <p>13. Resolution of the Cabinet of the Republic of Adygea #55 dated April 7, 2010 “On measures for the development of performance and policy reports by subjects of budget planning” (together with the “Provisions on performance and policy reports by subjects of budget planning”, “The list of subjects of budget planning providing performance and policy reports”)</p> <p>14. Resolution of the Cabinet of the Republic of Adygea #237 dated December 16, 2009 (version dated May 13, 2010) “On the formation procedure of financial support of the state assignment to be fulfilled by state institutions of the Republic of Adygea”</p> <p>15. Resolution of the Cabinet of the Republic of Adygea #236 dated December 16, 2009 (version dated April 26, 2010) “On the list of public services rendered by state institutions of the Republic</p> | <p>13. Order of the Ministry of Finance of the Russian Federation #73n dated July 21, 2010 “On approval of the procedure of recording on personal accounts of recipients of budget funds opened in regional offices of the Federal Treasury to federal state-owned institutions, carrying a sentence of imprisonment, of operations to provide financial support for the execution of functions of such institutions provided the source of such financial support is income received by them from income-generating activities”</p> <p>14. Order of the Government of the Russian Federation #1505r dated September 7, 2010 “On approval of methodological recommendations on determining criteria for changing the type of state institutions of subjects of the Russian Federation and municipal institutions taking into account the sphere of their activities and recommendations on making amendments to labor contracts of leaders of budget-supported institutions of subjects of the Russian Federation and municipal budget-supported institutions”</p> <p>15. Order of the Ministry of Finance of the Russian Federation # 114n dated September 9, 2010 "On general requirements to the preparation and approval procedure of the report on the results of a state (municipal) institution and on the use of state (municipal) property assigned to them”</p> <p>16. Order of the Ministry of Finance of the Russian Federation #94n dated October 31, 2000 (version of November 8, 2010) "On approval of the plan of accounts for financial and economic activities of</p> |
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| <p>administration “on the procedure of the development of investment programs of utilities sector organizations” (2008)</p> <p>27. Allocation of Artem city district budget funds and terms and conditions of their spending on burial of the dead who have no close relatives and organization and maintenance of burial places (2008)</p> <p>28. Law of the Republic of North Ossetia-Alania #60-RZ “On the Program for reform of public finance in the Republic of North Ossetia-Alania in 2009-2010” dated 24.12.2008</p> <p>29. Sec. 38 of January 18, 2008 Regulation of the Head of Nalchik Administration on Assessment of Public Services Delivery Requirements</p> <p>30. Sec. 1032 of June 07, 2008 Regulation of the Head of Nalchik Administration on Approval of the Procedure and Plan for Budget-funded Entities Reorganization into Autonomous Institutions</p> <p>31. Sec. 1077 of June 16, 2008 Regulation of the Head of Nalchik Administration on Terms of and Procedure for Establishment of Founder’s TOR for Nalchik-owned-assets-based Autonomous Institutions and Procedure for Ensuring Financial Support to the TOR</p> <p>32. Sec. 1078 of June 16, 2008 Regulation of the Head of Nalchik Administration on Procedure for Drafting, Approval and Implementation of Departmental Target Programs</p> <p>33. Sec. 2198 of November 20, 2008 Regulation of the Head of Nalchik Administration on Approval of the List of Agencies’ Performance Evaluation</p> | <p>29. Resolution of Vladikavkaz administration #1735 dated June #25, 2009 “On approval of the formation procedure of municipal assignment on public transport services and estimation of needs in public transport services based on the needs of the population and public transport needs assessment in Vladikavkaz, on the procedure of surveying public transport passenger traffic in Vladikavkaz and organization of competitions on transport routes among transport companies”</p> <p>30. Resolution of Vladikavkaz administration #474 dated May 28, 2008 “On approval of the Provisions on the estimation of fiscal and social effectiveness of planned investment projects and those under implementation that are funded from Vladikavkaz municipal budget”</p> <p>31. Resolution of Vladikavkaz administration #493 dated May 30, “On approval of the Provisions on the organization of work regarding the deferral and extension of non-tax payments due to the budget of Vladikavkaz”</p> <p>32. Resolution of Vladikavkaz administration #494 dated May 30, 2008 “On approval of monitoring tax and non-tax arrears and deferred payments to the budget of Vladikavkaz”</p> <p>33. Resolution of Vladikavkaz administration # 497 dated May 30, 2008 “On approval of the Provisions on the estimation of fiscal and social effectiveness of granted (and planned for granting) tax privileges”</p> <p>34. Resolution of Vladikavkaz administration #472 dated May 28, 2008 “On approval of monitoring the activities of small enterprises”</p> | <p>of Adygea to legal entities and individuals and funded from the budget of the Republic of Adygea”</p> <p>16. Law of Kabarda-Balkar Republic # 99-P3 "On amendments to the republican targeted program "On support of small and medium entrepreneurship in Kabarda-Balkar Republic in 2007-2011" dated 25.11.2010</p> <p>17. Draft legislation “On amendments to the Resolution of the government of the Kabarda-Balkar Republic # 85-PP dated April 16, 2007 ‘On provision of subventions for the implementation of priority investment projects”</p> <p>18. Draft legislation “On amendments to the Resolution of the government of Kabarda-Balkar Republic Draft legislation # 31-PP dated March 10, 2010 “On measures of state support to investment activities in Kabarda-Balkar Republic”</p> <p>19. “Comments on the formula of intergovernmental transfers to support municipalities of Irkutsk Oblast engaged in effective management of budget funds”. The formula is enclosed with the Law of Irkutsk Oblast “On Oblast budget of 2010” as Supplement #25</p> <p>20. Opinion on the draft law of Irkutsk Oblast “On the reserve</p> | <p>organizations and the Instruction for its use”</p> <p>17. Order of the Ministry of Finance of the Russian Federation # 72n dated July 16, 2010 "On authorizing expenditures of federal state institutions whose source of financial support are subsidies received in accordance with Article 78.1.2.2 of the Budget Code of the Russian Federation”</p> <p>18. Order of the Ministry of Finance of the Russian Federation #82n dated July 28, 2010 "On the recovery in the appropriate budget of unused balances of subsidies granted from the budgets of the budgetary system of the Russian Federation to state (municipal) institutions”</p> <p>19. Order of the Ministry of Finance of the Russian Federation # 71n dated July 7, 2010 “On transfer of balances of federal state institutions from the appropriate accounts of regional offices of the Federal Treasury opened at offices of the Central Bank of the Russian Federation in compliance with legislation of the Russian Federation for registration of operations with funds of federal state institutions to the federal budget and their return on such accounts of federal budget-supported institutions”</p> <p>20. Federal law #3130FZ dated November 29, 2010 “On amendments to individual legislative acts of the Russian Federation pursuant to the adoption of the Federal Law ‘On compulsory medical insurance in the Russian Federation”</p> <p>21. Decree of Sakhalin Oblast Government #51-r dated February 4, 2011 “On</p> |
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| <p>Quantitative Indicators for Subjects of Budget Planning and Procedure for Adjustment of Funds provided to Subjects of Budget Planning depending on SBPs' target and actual performance</p> <p>34. Sec. 1113 of June 20, 2008 Regulation of the Head of Nalchik Administration on Mandatory Public Independent Due Diligence of Draft Municipal Legal Acts designed to regulate Fiscal Relations</p> <p>35. Sec. 1130 of June 23, 2008 Regulation of the Head of Nalchik Administration on Evaluation of Fiscal and Social Performance (Efficiency???) of Investment Projects</p> <p>36. Sec. 1144 of June 24, 2008 Regulation of the Head of Nalchik Administration on Approval of Procedure for Evaluation of Tax Incentives' Fiscal and Social Efficiency</p> <p>37. Sec. 1196 of June 26, 2008 Regulation of the Head of Nalchik Administration on Procedure for Provision of Advisory and Institutional Support to Nalchik's Small Businesses</p> <p>38. Sec. 2196 of November 20, 2008 Regulation of the Head of Nalchik Administration on Approval of Procedure for Nalchik Urban District's Financial Management Quality and Solvency Assessment</p> <p>39. Sec. 1218 of June 27, 2008 Regulation of the Head of Nalchik Administration on Approval of Procedure for Application of Monitoring Results of Nalchik Urban District's Financial Management Quality and Solvency Assessment</p> <p>40. Sec. 320 of December 7, 2007 Resolution</p> | <p>35. Resolution of Vladikavkaz administration #475 dated May 28, 2008 "On the procedure of rendering consultative and organizational support to small enterprises in the territory of Vladikavkaz"</p> <p>36. Resolution of Vladikavkaz administration #476/1 dated May 28, 2008 "On approval of the provisions on the disclosure of information concerning property owned by Vladikavkaz municipality"</p> <p>37. Resolution of Vladikavkaz administration #476/2 dated May 28, 2008 "On approval of the procedure of the assessment of market value of property owned by Vladikavkaz municipality"</p> <p>38. Resolution of Vladikavkaz administration #476/3 dated May 28, 2008 "On approval of the reporting on the activities and debt obligations of the municipal unitary enterprises and organizations of Vladikavkaz where shares of the authorized capital are owned by the municipality"</p> <p>39. Resolution of Vladikavkaz administration #473 dated May 28, 2008 "On the system of criteria for the preservation of municipal unitary enterprises and organizations where shares of the authorized capital are owned by the municipality (the criteria provide for the municipality share no less than 25%) on the basis of the fiscal and social effectiveness assessment"</p> <p>40. Resolution of Vladikavkaz administration #492 dated May 30, 2008 "On approval of the budget solvency estimation formula in the context of current and planned debts, including medium-term outstanding liabilities, of Vladikavkaz municipality and the estimation formula of possible new debts taking into account their impact of the city's</p> | <p>fund of Irkutsk Oblast"</p> <p>21. Law of Irkutsk Oblast # 54-OZ "On the reserve fund of Irkutsk Oblast" dated 12.07.2010</p> <p>22. Opinion of the draft law of Kabarda-Balkar Republic "On the budget process and intergovernmental fiscal relations in Kabarda-Balkar Republic"</p> | <p>approval of the More Effective Budget Spending up to 2012 program of the Government of Sakhalin Oblast"</p> <p>22. Resolution of the administration of Sakhalin Oblast #132-pa dated June 29, 2007 "On approval of quality standards of public services in the area of culture and arts rendered to the population of Sakhalin Oblast from the Oblast budget" (version of Resolutions of the Government of Sakhalin Oblast #206 dated April 4, 2010; #3 dated January 14, 2011)</p> <p>23. Resolution of the Government of Amur Oblast #743 dated December 30, 2010 "On approval of the More Effective Public Spending Program for Amur Oblast for the period of up to 2012"</p> |
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| <p>of the Cabinet of the Republic Dagestan about Programs of regional and municipal finance reform</p> <p>41. Sec. 1580 of December 17, 2007 Regulation of the Head of Nalchik Administration on Programs of municipal finance reform</p> <p>Sec. 2461 of December 10, 2007 Regulation of the Head of Vladikavkaz Administration on Programs of municipal finance reform 2007-2009</p> | <p>solvency”</p> <p>41. Resolution of Vladikavkaz administration #1731 dated June 24, 2009 “ On approval of the procedure for using the results of monitoring the quality of finance management and solvency of the city of Vladikavkaz”</p> <p>42. Resolution of Vladikavkaz administration #1732 dated June 24, 2009 “On approval of the procedure for assessing the quality of finance management and solvency of Vladikavkaz municipality”</p> <p>43. Draft standard provisions on the budget process in municipal raions in Chechen Republic</p> <p>44. Draft standard provisions on the budget process in city districts in Chechen Republic</p> <p>45. Draft standard provisions on the budget process in rural (city) settlements in Chechen Republic</p> | | |
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Attachment 2. Training Events and Conferences Held with USG Assistance

- 2003-2012, Annual April seminar on intergovernmental fiscal relations and budget policy issues (Total number of participants - about 900 participants);
- September 14, 2004, the interactive workshop for Nizhniy Novgorod Oblast Ministry of Finance on, dealing with the municipal development concept.
- In September 2004, CFP started a course of lectures at Moscow State University. The special course on the Budgetary System of the Russian Federation is held at the Public Administration Department of the university. The course is subdivided into 7 sub-topics which include intergovernmental fiscal relations in RF, financial principles of local self-governance, reform of the budgetary system, and restructuring of the budgetary system.
- On December 23, 2004, the CFP hosted its third seminar on budget policy. This discussion focused on the problems of Public Service.
- October – December 2004, CFP experts delivered lectures in the Republic of Tatarstan, Leningrad Oblast, Voronezh Oblast and Novosibirsk Oblast. Distant audio- and video- press conferences to the Republic of Bashkortostan, Republic of Daghestan and Penza Oblast organized by the regional NGO Open Russia on the main problems of public finance and intergovernmental fiscal relations in the Russian Federation and its regions, goals and targets of the local self-government and IGFR reform.
- October – December 2004, the CFP experts delivered the special course on the Budgetary System of the Russian Federation at the Public Administration Department of the Moscow State University.
- October 2004, the CFP and conducting of the training seminar for regional and municipal public finance officers of the Ministry of Finance of the Republic of Karelia on formulation of the regional public policy objectives, budget planning and implementation in accordance with the principles of performance budgeting.
- October 12 2004, a workshop for municipal government representatives, Ministry of Finance and Committee on the Housing and Utilities Reform of the Republic of Karelia. The major issues included the results of the review of the current situation in the H&U sector and recommendations on further improvement of its management and creation of an attractive environment for investment and competition on the H&U market.
- March 14 –19 2005, the workshop for the Far East government officials held in the city of Vladivostok on intergovernmental regulation, budgetary process and local self-government reform.
- January – March 2005, CFP experts delivered lectures in Vladimir, Volgograd, Saratov and Tambov Oblasts and in Krasnoyarsk Krai. The lectures and the following discussions covered urgent issues of public finance and intergovernmental relations in the Russian Federation and individual regions, the goals and objectives of the ongoing local self-government reform.
- April 7 – 9, 2005, CFP experts carried out interactive workshops for representatives of federal ministries on “Medium-term Performance-Based Budgeting: Formulation of Financial Plan for FY 2006 – 2008”. The aim of the workshop was to train representatives of the Ministry of the Interior, General Prosecutor’s Office, Federal Security Service and the Judiciary Department in development of budgetary programs, development of performance indicators for ministries, agencies and services; costing of budgetary programs.

- October 26-27, 2005, CFP experts carried out the round-table meeting attended by finance officers from North Caucasus regions who discussed public finance management and organization of intergovernmental fiscal relations
- December 5- 9, 2005, CFP experts carried out the seminar in the city of Yessentuki for municipal heads, deputies and finance officers of the Northern Caucasus devoted to Budget and Budgeting Process at the Municipal Level. The seminar was attended by about **100 representatives** of 9 North Caucasian regions: Republic of Adygea, Republic of Dagestan, Kabarda-Balkar Republic, Republic of Kalmykia Karachai-Circassian Republic, Republic of North Osetia – Alania, Chechen Republic, Rostov Oblast and Stavropol Krai.
- December 5 and 14, 2005, CFP experts carried out the seminars at the Krasnoyarsk Krai Agency of Education and Moscow Oblast Ministry of Education discussing the legislative framework's impact on costs of educational program in the field of secondary professional education.
- December 22, 2005, the CFP conducted a workshop for representatives of regional authorities responsible for education and finance management. They discussed practical ways and modern approached to education funding at the regional and municipal levels
- October – December 2005, CFP experts delivered lectures in Stavropol Krai, Primorsky Krai and Nizhny Novgorod Oblast on the current state of public finances and intergovernmental fiscal relations in Russia as well as the goals and objective of the local self-governance and IGFR reform.
- 1st quarter of 2006, CFP experts carried out the workshop on Intergovernmental Fiscal Relations and Public Finance Management for municipal staff of the Far Eastern Federal District, held in the city of Khabarovsk.
- January 2006, CFP experts read a lecture on intergovernmental transfers under the Local Finances course in the Academy of National Economy under the Government of the Russian Federation. This was a retraining course addressing lecturers of higher educational institutions to train specialists for finance authorities of the local level in general and settlements in particular.
- February 28 - March 3 and on March 13 – 18, 2006, the CFP held training workshops for representatives of municipal finance authorities of the North Caucasian regions. The workshops took place in the settlement of Nebug, Krasnodar Krai. The workshops highlighted: budgeting process and public spending efficiency at the municipal level, and assignment of expenditure responsibilities and local governments' revenues.
- January - March 2006, CFP experts read lectures in Altai Krai and Omsk Oblast organized. Besides, they delivered lectures in the Club of Regional Journalism, Open Russia inter-regional non-governmental organization. The lectures and the following discussions covered the current situation with public finance and intergovernmental fiscal relations in the Russian Federation in general and individual regions in particular.
- May 16 – 19, 2006, the CFP conducted a training seminar, Budget and Budgeting Process at the Municipal Level for municipal heads, deputies of representative bodies and finance staff. The seminar took place in Nebug settlement of Krasnodar Krai. **80 participants**.
- 2nd quarter of 2006, the CFP conducted training workshops for representatives of finance authorities and education management bodies in the Republic of Bashkortostan.
- May 23-26, 2006, the CFP conducted a training seminar for representatives of the republican and municipal finance authorities, municipal heads and deputies of representative bodies in the Karelian city of Medvezhiegorsk. The seminar was devoted to the Budget and Budgeting Process at the Municipal Level. The seminar was attended by over **80 representatives** of municipalities of the Republic of Karelia.

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- June 6-9, 2006, the CFP carried out a training seminar in the city of Syktyvkar devoted to the Budget and Budgeting Process at the Municipal Level. The seminar was attended by over **120 participants** including representatives of the republican and municipal finance authorities, municipal heads and deputies of the RK State Council.
 - August 8-11 2006 , the CFP conducted a training seminar in the city of Maikop on Budget and Budgeting Process at the Municipal Level for municipal heads, deputies of representative bodies and finance staff of Republic of Adygea.
 - 13-17 November 2006, the CFP conducted a training seminar on Budget and Budgeting Process at the Municipal Level for the for municipal heads, deputies of representative bodies and finance staff of the North Caucasus republics. The seminar was held in the city of Pyatigorsk. **100 participants**.
 - January 29-February 7, 2007, the CFP conducted a Training of Trainers seminar in Moscow on intergovernmental fiscal relations and budget policy for North Caucasus regions. **18 participants** from 5 North Caucasus republics took part in the Training of Trainers session.
 - June 2007, the CFP conducted a training workshop in Ussuriysk city district for municipalities of the Far Eastern regions. The workshop was devoted to the budgetary process and intergovernmental fiscal relations
 - May 10, 2007, a CFP experts made a report at the board meeting of the finance department of Krasnoyarsk Krai devoted to mid-term financial planning at the local level
 - May 16 – 19, 2007, the CFP conducted a training seminar on “Budget and Budgetary Process at the Municipal Level” in Nebug settlement, Krasnodar Krai, for heads of municipalities, deputies of representative bodies and finance officers of the North Caucasus regions. The main purpose of the seminar was to raise professional skills of the participants including the following: general theoretical training in public finances and intergovernmental fiscal relations at the regional level; training in practical skills at the stages of budget formulation, hearing, execution and analysis; acquaintance with best Russian and international practice in the field of budgetary process and intergovernmental fiscal relations. The seminar was attended by about **80 representatives** of North Caucasian republics (Republic of Adygea, Karachai-Circassian Republic, Chechen Republic, Rostov Oblast, Krasnodar and Stavropol Krai).
 - 2nd quarter of 2007, the CFP conducted a training seminar for the Finance Ministry and the Ministry of Territorial Development of the Republic of Kalmykia on financial basis of the local self-governance reform and discussed the main issues of the assignment of expenditure responsibilities and revenue sources, buildup of revenues bases of municipal governments and IGFR regulation instruments.
 - June 26-27, 2007, the CFP conducted a training workshop in Ussuriysk city district for municipalities of the Far-Eastern regions. The workshop was devoted to the budget and budgetary process at the municipal level. Among the **53 workshop participants** were heads of local finance authorities of Primorsky Krai, Khabarovsk Krai and Petropavlovsk-Kamchatskiy city district
 - September 27 2007, the CFP conducted a training workshop for representatives of regional and municipal institutions of the Culture sector in Nizhniy Novgorod Oblast
 - 4th quarter of 2007, the CFP conducted a training seminar on Intergovernmental Fiscal Relations and Efficiency of Public Spending for specialists of Balei raion, the municipalities within its jurisdiction, the city of Balei and other municipal raions and city districts of Chita Oblast.
 - December 14, 2007, the CFP carried out the Expert Round Table discussion focused on public services, their rendering standards and costing. The Expert Round Table has brought together

representatives of eight consulting companies as well as federal government officials. **100 participants.**

- 22 – 23 November 2007, CFP held the second round-table discussion between chiefs of finance departments of the Northern Caucasus Regions, CFP experts, and federal officials. The objectives were to present the mid-term outputs of the project to regional policy makers and to determine the venues where USAID/CFP assistance would contribute the most to the improvement of budgetary operations and public services delivery in one of the most complicated provinces of Russia
- 21 November 2007, CFP held a training workshop in Ussurijsk for Ussurijsk and Artiom officials and representatives of public sector service delivery entities. The workshop was **attended by 87** Ussurijsk and Artiom officials and representatives of public sector service delivery entities.
- March 25-28, 2008, CFP held a training workshop for government officials of Republic of Adygea on “Development of the Regional Finance Reform Program in Republic of Adugeya for the period 2009-2011. **40 participants.**
- 13 – 14 March 2008 CFP experts carried out interregional seminar for Far East heads of municipalities and heads of finance departments of municipalities on public finance management at the municipal level. The seminar was held in the city of Khabarovsk. **104 participants.**
- May 27-30, 2008, the CFP experts conducted a training seminar for heads of municipalities, deputies of representative bodies, leaders and specialists of finance authorities of the North Caucasus regions. The seminar devoted to the budget and budgetary process at the municipal level was organized in the settlement of Nebug (Krasnodar Krai). Over **70 specialists** from 12 North Caucasus regions took part in the seminar.
- May 20 – 21, 2008, the CFP held a training seminar in Moscow for heads of finance departments of municipal raions and gorodskoi okrugs of the regions in the European part of Russia. The seminar was devoted to budget resources management at the municipal level. The seminar was attended by **45 participants** from Belgorod, Vladimir, Ivanovo, Kaluga, Lipetsk, Moscow, Nizhny Novgorod, Smolensk, Tver and Tula Oblasts.
- May 14, 2008, CFP experts conducted a training seminar in the city of Tyumen for representatives of the executive authorities of Tyumen Oblast (Departments of Finance, Health, Social Development, Education and Science and Committee on Culture) and Oblast educational establishments, social protection, culture and sport institutions
- March 3, 2009, the CFP and the Community of Russian Financiers conducted a joint workshop “Regional Finance Management during the World Economic Crisis”. The purpose of the workshop was to expose regional financial officers to the regional aspect of the crisis impact in the budgetary area. The workshop brought together **54 participants** from 30 Russian regions.
- April 2009, the CFP experts will conducted a workshop for the officers of the city of Blagoveshchensk finance and line departments on municipal assignment formulating procedures; financial support for municipal assignments; municipal assignment fulfillment evaluation procedure; standards and procedures for budget service provision
- March 17 – 20, 2009, the CFP held a training seminar in Moscow for finance officers from administrative centers of the Central Federal Okrug under the Program of Technical Assistance to the Regions of the European Part of Russia. The purpose of the seminar was to improve their skills in budget resource management. The seminar was attended by **10 participants** from 7 cities in the European part of Russia.
- May 26 – 29, 2009, the CFP supported by the RF Ministry of Regional Development carried out a training workshop for heads of municipalities, deputies of local representative authorities and

municipal finance officers of the North Caucasus devoted to “Optimization of fiscal policy during the economic crisis”. The workshop was attended by **90 specialists** from Kabarda-Balkar Republic, Republic of Kalmykia, Stavropol Krai, Rostov Oblast, Republic of North Ossetia-Alania, Republic of Adygea, Republic of Dagestan, Krasnodar Krai, Republic of Chechnya and Ingush Republic.

- 2nd quarter of 2009, CFP held a training workshop for representatives of the city of Blagoveshchensk line departments on the following issues: program of municipal finance reform: a case study of program development and implementation; budgetary service: approaches towards quality assessment and costing; formulation of a state (municipal) assignment; setting up autonomous institutions and their functioning
- September 28-29, 2009, the CFP specialists conducted a workshop for officers of the finance department and other agencies of the city of Vladikavkaz: “Urgent Issues of the Regional Finance Reform”.
- September 22-23, 2009, two-day training seminar dedicated to «Budget and Budget Process at the municipal level during the World Economic Crisis». The training seminar took place in the city of Vladivostok. The training seminar hosted 90 participants from 37 municipalities of 7 regions.
- March 17, 2010 the CFP organized the round table in the city of Pyatigorsk devoted to “Prospects of Public-Private Partnerships in the North Caucasus: Implementation of Investment Projects in a Situation of Increased Investment Risks”. The round table was attended by heads of regional and local governments and private company officers and hosted about **40 participants** from different NC regions.
- May 25-28 2010 CFP carried out the training seminar devoted to “A New Stage in the Public Finance Reform” and addressed finance officers of municipalities of Southern and North Caucasus Federal Okrugs
- 22 June 2010 the CFP conducted a training seminar for the government of the Kabarda-Balkar Republic and city of Nalchik administration: “An introduction into PPP project management”.
- 2d quarter of 2010, the CFP experts conducted a training seminar for the Ministry of Finance of the Republic of Adygea to discuss “State assignment as an instrument of budget spending optimization”.
- 23 June 2010, the CFP held a training seminar in the city of Pyatigorsk for the core subdivisions of the Pyatigorsk and Lermontov administrations devoted to “An introduction into PPP project management”.
- June 23 – 24, 2010, the Center for Fiscal Policy carried out an information and practical seminar for heads of local administrations, deputies of representative authorities and finance officers of municipalities from the Far Eastern Federal Okrug and the Baikal region to discuss the Public Finance Management Reform. The seminar took place in the city of Ussuriysk (Primorsky Krai). The seminar was attended by about **110 participants** from 6 RF subjects (Primorsky Krai, Khabarovsk Krai, Amur Oblast, Zabaikalsky Krai, Jewish AO, Sakhalin Oblast)
- May 25-26, the CFP and the Ministry of Housing and Utilities of the Republic of Buryatia organized an inter-regional round table “PPP instruments for the modernization of the housing and utilities sector”.
- 2d quarter of 2010, the CFP held a training seminar for the Finance Ministry of Kamchatka Krai, other executive authorities, representatives of municipalities, state and municipal institutions of Kamchatka Krai devoted to “Topical issues of the public finance reform”.

- April 12–16, the CFP carried out a foresight seminar in the monoindustrial town of Koryazhma (Arkhangelsk Oblast) on the preparation of an integrated investment plan for the development of this municipality.
- 5 August 2010, the CFP conducted a training seminar for the government of the Republic and Nalchik administration: “An introduction into PPP project management”.
- 6 August 2010 the CFP held a training seminar in the city of Pyatigorsk for the core subdivisions of the Pyatigorsk and Lermontov administrations. devoted to “An introduction into PPP project management” (Module II).
- September 3, 2010 the CFP held a workshop in the city of Khabarovsk (Khabarovsk Krai) to discuss “Public Finance Management Reform in the Context of Enacted Federal Law # 83-FZ”. The workshop was attended by **58 participants** from the Finance Ministry, Ministry of Industry, Transport and Communications, Ministry of Health, Ministry of Social Support, Ministry of Education, Ministry of Culture, Ministry of Construction, Ministry of Housing and Utilities, Ministry of Agriculture and Food, Ministry of Property Relations, Ministry of Youth Policy, Sport and Tourism of Khabarovsk Krai and from Krai municipalities.
- September 7, 2010 the CFP experts held an information workshop in the city of Blagoveshchensk to discuss “Public Finance Management Reform in the Context of Enacted Federal Law # 83-FZ”. The number of the **workshop participants (621)** was the largest over the 10-year activity of the Center for Fiscal Policy. They included six representatives of the Amur Oblast Government, three deputies to the Legislative Assembly, two members of the Control and Accounts Chamber, 282 representatives of the Oblast ministries, departments, inspectorates and subordinate institutions, eight representatives of the Amur Oblast Compulsory Medical Insurance Fund and 320 municipal officers.
- December 6-10, 2010, the CFP conducted a 2-day seminar for financial authorities of Sakhalin Oblast on its Public Finance Management Reform. **80 participants**.
- October 5 – 7, 2010, the CFP experts held a three-day information workshop in cooperation with USAID/Russia and the Ministry of Finance of Khabarovsk Krai in the city of Khabarovsk devoted to the Public Finance Management Reform. The workshop was attended by **96 participants** of whom 38 represented regional governments (Khabarovsk Krai, Amur Oblast, Magadan Oblast, Republic of Yakutia (Sakha), Republic of Buryatia and Primorsky Krai) and 58 were from municipal administrations and subordinate organizations.
- 1st quarter of 2011, the CFP experts took an active part in the following workshops to explain to regional and municipal officials provisions and instruments of the budget-supported institutions reform: In Irkutsk Oblast - **82 participants**; the city of Gubkinsky (Yamal-Nenets Autonomous Okrug) - **84 participants**; Academy of Civil Service in Moscow - **85 participants**; meeting of municipal finance officers organized by the Council of Russian Finance Officers - **44 participants**; the Innovation Center of Municipalities in Moscow - **76 participants**.
- January 26, 2011, the CFP conducted a workshop for the administration officials of the city of Nevinomyssk devoted to the development of the energy efficiency program and its further implementation. About **50 participants**.
- 20-21 April 2011, CFP organized and held seminars for finance officers, representatives of other bodies of state power, municipal governments and state and municipal institutions of Sakhalin Oblast. About **90 participants**.
- May 24-27, 2011, the CFP held an interregional training seminar for finance officers of municipalities of the North-Caucasus Federal Okrug to discuss “More effective public spending”. **73 participants**.

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- 8-9 June 2011, the CFP experts conducted a seminar on “More effective public spending” in the city of Khabarovsk. **69 participants**.
 - December 21-22, 2011, CFP experts delivered lectures at the Accounts Chamber of the Russian Federation as part of the refreshing course for employees of regional control and audit bodies
 - December 2, 2011, the CFP organized a training seminar in the city of Stavropol on challenges facing the implementation of strategic and program tools of budget management. Among its **100 participants** there were heads of departments of the Stavropol Krai government and representatives of local administrations.

Attachment 3. CFP's Participation in Workshops and Conferences

- September 3-5, 2003: nation-wide workshop in Astrakhan for financial staff of the RF regions on “Problems of Intergovernmental Fiscal Relations and the Ways of Solving Them”
- September 8 – 10, 2003 (Istanbul): the workshop on Territorial and Administrative Decentralization of Financial Responsibilities organized as part of a joint project of UNDP and the World Bank “Financial Viability of Local Self-governments”
- September 26 – 29, 2003 (Strasbourg): a series of meetings of experts organized by the Directorate of Local and Regional Democracy of the Council of Europe
- November 14-15, 2003 (Ravenna, Italy): the international conference “Restructuring and Decentralization in the Transition. A Country Comparison: Russia and China”
- September 27-28, 2003 (Sochi): the workshop on public expenditures and municipal reform organized by the Canada-Russia Consortium for Economic Policy Research and Advice (CEPRA)
- September 29, 2003 (Helsinki): the seminar on the Russian economy “Russia, Back to the Centralization, Back to the Regions” organized by the Commission on Scientific and Technological Cooperation Between Finland and Russia
- November 28-29, 2003 (Moscow): the international conference on “Decentralization and Development of Local Self-government” organized by the Urban Institute Fund (Russia) and the Urban Institute (USA) with support of the RF Ministry of Economic Development and Trade, Congress of Municipalities of the Russian Federation and USAID
- December 13, 2003 (Astana): the second meeting of the round table conference on the “Budgetary Systems of Byelorussia, Kazakhstan, Russia and Ukraine and Economic Integration problems” organized by the Kendall-Russell Center for Corporate Competitiveness, East-West Institute (Moscow), International Institute for Modern Politics (Almaty) and the Institute for Public Finance Reform (Moscow)
- December 5 – 7, 2003 (Agra): the round table on IGFR reform at the subfederal level in federative states organized by the Ministry of Finance of India and sponsored by USAID.
- January 5-6, 2004: the 14th session of the Congress of Municipalities in Moscow
- February 8, 2004: the round table on “Regional Legislation on Territorial Organization of Local Self-government” arranged by the Presidential Administration, Council of Europe and the Congress of Municipalities
- February 26, 2004: the round-table discussion on “State Regulation of Regional Development: Legal, Economic and Social Mechanisms” organized by the Committee on Federation Affairs and Regional Policy at the Federation Council
- March 22, 2004 the Provisional Working Commission of the Federation Council on Tax Policy and discussed amendments to the new version of the Tax Code regarding intergovernmental fiscal relations and taxation of small business
- May 2004 (Washington): the round table “Fiscal Federalism in Russia” organized by the World Bank

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- May 3 - 7, 2004: the workshop/conference on intergovernmental fiscal relations and fiscal decentralization in Central Asian republics organized by Bearing Point company under the USAID project: “Tax and Fiscal Reform in Central Asian States”
 - May 17-18, 2004 (Kazan): the international conference “Federalism in Russia, Canada and Belgium: experience of comparative research” organized by Kazan Institute of Federalism, Forum of Federations (Canada) and University of Saint-Louis (Belgium).
 - May 26-28,2004 (Petrozavodsk): the international conference “Improvement of Regional and Municipal Fiscal Policies in Russia and Northern Europe”
 - June 11-12, 2004 (St. Petersburg): participation in the interregional conference on “Transparent Budget”
 - June 11, 2004: workshop on the role of fiscal policy in the development of transitional economies (cases of Russia and Hungary) organized by CFP and Budapest Economics and Center for Development Research
 - July 30, 2004: participation in the enlarged conference in the South Federal District discussing local self-government issues
 - July 28 – 31, 2004 (Zvenigorod, Moscow Oblast) participation in the seminar “Responsible Financial Management by Regional and Municipal Governments” organized by the Standard & Poor's rating company as part of the technical assistance to the regional budgetary reform, a joint project of the RF Ministry of Finance and the IBRD
 - September 16, 2004, conference with representatives of the Kirov Oblast local self governments on Vertical Balance and IGFR Regulation Instruments in RF Subjects.
 - September 28 – 30, 2004, practical workshop organized by the World Bank Institute, CFP, the Association of Siberian and Far Eastern Cities, Siberian Academy of Public Service and the Office of the Presidential Envoy in the Siberian Federal District on the local self-government reform in the Russian Federation and the issues associated with property, intergovernmental regulation and financial management in municipalities..
 - September 28-30, 2004, a seminar on “Local Self-governance in Kyrgyz Republic: Methods and Priorities” in the city of Bishkek, organized by the President’s Administration of Kyrgyz Republic, Ministry of Local Self-governance and Regional Development of Kyrgyz Republic, World Bank, UNDP and Association of Local Self-governance Institutions in RK organized. This international seminar discussed problems of decentralization and development of local self-governance, local finance, fiscal transfers, budget planning, and local economic development.
 - December 3, 2004, workshop, Regional Media and Local Self-government Reform, organized by the office of the Presidential Envoy to the Central Federal District in the city of Kostroma.
 - November 16, 2004, workshop hosted by the city of Surgut administration, “Restructuring of the Public Sector and Reorganization of Budget-Supported Institutions in Surgut”.
 - November 16 2004, USAID conference, “Balancing the Boardroom: Role of Women in Company Management”.
 - November 30 2004, the international congress, “State and Business: Socially Responsible Partnership”, organized by the all-Russia public organization Dyelovaya Rossiya (Business Russia).
 - December 7 2004, the round table devoted to “Social and Economic Consequences of Reform for Russian Regions”, organized by the Independent Social Policy Institute.

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- December 7 2004, the meeting on “Regional Legislation on Assignment of Powers Between Level of Public Power” arranged by the Council of Europe with the Congress of Municipalities support.
 - December 21-22 2004, the conference organized under the World Bank Project: Technical Assistance to the Budget Reform at the Regional Level. The conference discussed the development of federal and regional legislation concerning intergovernmental fiscal relations and subnational finance.
 - 4th quarter of 2004, the conference on social partnership organized by Ekspert magazine.
 - International Conference on Federalism 2005, Brussels, March 3-5, 2005.
 - March 1, 2005, the round table organized by the Budget Committee of the Federation Council to discuss the excise taxation of oil products.
 - March 3 to 5, 2005, the International Conference on Federalism 2005. The Conference was hosted by the federal and federated authorities of Belgium
 - March 24-25 2005, the World Bank seminar: Russia’s Social Sector and Decentralization: Financing, Performance, Management.
 - 1st quarter of 2005, the seminar organized by ZAO TEKORA Consulting to discuss investment project launching practices and associated risks.
 - 1st quarter of 2005, the seminar organized for leaders of regional finance departments by Krista NGO to discuss the main principles of intergovernmental fiscal relations in 2005.
 - 1st quarter of 2005, the workshop devoted to public-private partnerships in Russia organized by the Higher School of Economics
 - June 9 2005, the round table organized by the UNIDO Center for International Industrial Cooperation in Russia on economic development issues, greater competitiveness in Russia at the regional level and nationwide.
 - June 25 2005, the international conference on regional policy during economy growth organized by the Consortium for Applied Economic Research in Odintsovo-Vakhromeevo (Moscow Oblast).
 - 2d quarter 2005, the Economic forum in Saint-Petersburg
 - June 16 – 18, 2005, the international forum devoted to Intergovernmental Equalization in Caucasus organized with the assistance of FDI, LGI, USAID, World Bank Institute and UNDP in Bodrum, Turkey.
 - December 8, 2005, the fourth scientific conference, Social Policy: Challenges of the 21st Century.
 - December 23, 2005, a practical workshop on issues regarding introduction of new financial mechanisms into the system of general education.
 - CFP experts were regular participants of the seminars, conferences and round tables of the Moscow office of the Carnegie Center
 - 2d quarter of 2007, scientific and practical conference that discussed problems arising in the process of enhancing budgetary policies pursued by regions and municipalities in Russia. The organizers included the Government and the Legislative Assembly of the Republic of Karelia, the RF Ministry of Finance.
 - CFP experts were regular participants of the meeting of the Budget Committee of the Council of Federation

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- CFP experts were regular participants of the meetings organized by the Working Group on Federative Issues and Local Self-Governance.
 - October 23, 2007, National Meeting of Local Governments Unions
 - November 5 – 7, 2007, 4th International Conference on Federalism held in New Delhi, India
 - October 12 2007, international conference “Strategy “Kazakhstan – 2030”: outputs and outlook of the first decade” held in Astana, Kazakhstan
 - October 29-30, 2007, UNICEF workshop focused on demystifying the interface between Policy Development, Public Finance Management and Governance – Regional Perspectives on the Strategic Arenas for UNICEF (Montreux, Switzerland).
 - January 27- February 3 2008, Ninth International Conference of the Global Development Network – GDN, Brisbane, Australia
 - 1st quarter of 2008, Tax Reform and Development discussion organized by Delovaya Rossiya, an All-Russia public organization, and the Association of Non-Partisan Centers of Economic Analysis
 - 31 March 2008, the conference on regional development issues, organized by the World Bank and Ministry of Regional Development of the RF, held in Moscow
 - May 14, 2008, the meeting of Finance Officers of Municipalities, a subsection of the Community of Fantasists of Russia on proposals from municipalities concerning amendments to federal laws Nos 94-FZ and 131-FZ, the Budget and Tax Codes.
 - 2d quarter of 2008, scientific and practical conference “Improvement of budgetary policies pursued by Russian regions and municipalities”. The conference was organized by the Government of the Republic of Karelia, the Legislative Assembly of the Republic of Karelia, Ministry of Finance of the RF and Petrozavodsk State University
 - May 2008, International conference Copenhagen Consensus that was held in Copenhagen
 - September 2008, the Parliamentary Hearing held to discuss the draft federal budget for 2009-2011
 - 9-11 October 2008, Forum of Federations conference in Canada, which was devoted to comparative experience in oil and gas management and fiscal arrangements in a number of federative states: Venezuela, Nigeria, United States, Canada, Mexico, Australia, Argentina, Brazil, India, Pakistan, Malaysia, and Russia.
 - 16 October 2008, the round table, organized by the Ministry of Regional Development of the RF and the State Duma Committee on Federative Issues and Regional Policy. The round table discussion covered the regional legislation improvement
 - 20-21 October 2008, All-Russia Forum “Strategic Planning in RF regions and cities”, St. Petersburg
 - January 20, 2009, Saint-Petersburg and February 5, 2009, in the city of Aleksandrov, Vladimir Oblast, regular Federal Okrug meetings organized for heads of economic and financial agencies of RF subjects to discuss issues relative to the development of Russian regions during the world economic crisis.
 - February 12, 2009, joint meeting of the State Duma Committee on Federation Affairs and Regional Policy and political clubs of the United Russia Party discussing the situation in Russian regions during the world economic crisis.
 - February 12, 2009, the meeting of the Intergovernmental Fiscal Relations Expert Advisory Team of the RF Accounts Chamber. The meeting discussed the practice of auditing the effectiveness of

public spending on social and economic development of science cities and on the Federal Target Program “South of Russia”.

- March 2009, the meetings of the Expert Council at the State Duma Committee on Federation Affairs and Regional Policy
- June 2009, Parliamentary hearings held by Public Council under the RF Ministry of Regional Development on the Concept of Regional Development in the Russian Federation written by the Ministry of Regional Development.
- April 29, 2009, international workshop on subnational fiscal reform and debt management. The conference was held by the World Bank in Washington, DC
- May 21, 2009, the seminar “Decentralization in Rural Russia” that took place on at the Moscow World Bank office
- 2d quarter 2009, UNICEF conference on child protection in Eastern Europe and CIS countries (Istanbul, Turkey)
- May 19-20, 2009, international conference “A Family for Every Child: guaranteeing the right of a child to grow up in a family” that took place in the city of Novosibirsk. It was organized by The Russian Children in Need Fund, UN’s Children Fund (UNICEF) and the administration of Novosibirsk Oblast.
- May 14 – 16, 2009, the training workshop organized by the World Bank Institute and UNDP for representatives of finance authorities of Uzbekistan (Tashkent).
- July 8 – 11, 2009, the seminar with chief financial officers of RF subjects to discuss fiscal policies, development of intergovernmental fiscal relations and management of regional and municipal finances that was organized by the RF Ministry of Finance in Kaliningrad Oblast
- September 16, 2009, the seminar “Russian and international experience in implementing development assistance programs” organized by the Federal Agency for CIS Affairs, Compatriots Living Abroad, and International Humanitarian Cooperation (Rossotrudnichestvo).
- September 11, 2009, the fifth Perm economic forum dedicated to “Territory for competitive development”.
- September 15-16, 2009, all-Russia scientific and practical conference “Russia's system of child protection: key issues, experiences, perspectives” held in Moscow
- October 7, 2009 the meeting of the expert council under the Governmental Commission on Sustainable Development of the Russian Economy. The participants discussed a program of anti-crisis modernization and the reform of the economic policy pursued by the RF government.
- October 19-20, 2009, the Eighth All-Russia Forum “Strategic Planning in Russian Cities and Regions” held by the Leontief Centre in Saint-Petersburg.
- December 9, 2009, the first Russian Economic Congress held in Moscow.
- November 19, 2009, the Second National Forum “Municipal Russia-2009” organized with the support of the State Duma committee on local self-government, the Russian public organization “The Council of Local Authorities in Russia”, the Association of Medium and Small Cities of Russia and other state and public organizations
- December 4-5, 2009, the city of Yaroslavl hosted an all-Russia conference “The reform of regional and municipal finances: experience, difficulties, prospects”.

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- December 16, 2009, the round-table session devoted to the “Russian local self-government in 2009: Results of the first post-reform year” that was organized by the Institute of Contemporary Development, Moscow
 - December 21 - 23, 2009, the workshop “Social Expenditure Review (SER) – Review of Preliminary Findings” that took place at the Moscow office of the World Bank
 - January 29-30, 2010, the All-Russia Forum of Rural Settlements in the city of Orel
 - February 19, 2010, the workshop of the world organization “United Cities and Local Governments” held in Moscow
 - March 3-4, 2010, the Oil and Gas in Federal Systems Conference held in Washington, D.C. and co-organized by the World Bank and the Forum of Federation with support from the Norwegian Agency for International Development.
 - 11-13 May 2010, The Russia Strategic Infrastructure Leadership Forum (Moscow)
 - 17-19 May 2010, International scientific conference “Regional Responses and Global Shifts: Actors, Institutions and Organizations” (Pécs, Hungary)
 - September 2010, the seminar organized by the RF Audit Chamber which discussed draft law On the Federal Budget of 2011 and the Planning Period in the context of the revenue base of regional and local budgets and the structure and size of intergovernmental grants, held in Moscow
 - July 1 – 3, 2010 the workshop conference of the RF Ministry of Finance with heads of finance authorities of RF regions
 - July 7-9, 2010, UNESCO workshop “Capacity Building: Planning, Management and Cooperation in Kazakhstan Technical and Vocational Education and Training (TVET)” that was carried out in Almaty, Kazakhstan
 - September 18, 2010 the international investment forum “SOCHI-2010”.
 - September 23, 2010, the workshop “System of state and municipal services, administrative reform in subjects of the Federation and municipalities” organized by the Municipalities Innovation Center, Moscow
 - October 26-27, 2010, the 2nd Regional Policy Roundtable on re-assessing the Governance reform agenda after twenty years of transition and the global economic crisis: "Towards a new generation of Governance reforms in Eastern Europe and Central Asia", which took place in Astana, Kazakhstan.
 - December 17, 2010, the World Bank seminar devoted to measuring and monitoring performance in the social sectors: education, health and social protection, Moscow.
 - December 6, 2010, the meeting of the Council on Local Self-governments under the Chairman of the State Duma of the Federal Assembly of the Russian Federation on “Issues of the Reform of Municipal Institutions”.
 - January 31, 2011, the meeting of the Council of the Federation Committee on Local Self-Governance under Sergei Mironov, Chairman of the Federation Council of the Federal Assembly of the Russian Federation. The participants discussed the ways to balance municipal budgets, enhance expenditure responsibilities, improve management of budget expenditures and add transparency and openness to local budgets.
 - April 2011, the seminar organized by the RF ministry of Finance in the South and North Caucasus federal Okrug. It was held in the city of Gelendzhik, Krasnodar Krai, and was devoted to public service funding as a result of reforming budget-supported institutions networks.

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- June 20, 2011, the Sub-Sovereign Finance Forum “Debt, Insolvency and Market Lessons Learned and Emerging Issues” organized by the World Bank and supported by PPIAF. The Forum took place in Washington DC
 - July-August 2011, 15 meetings of the Working Group “On Financial and Tax Issues and Intergovernmental Fiscal Relations” set up on the initiative of Dmitry Medvedev and headed by Deputy Prime Minister Alexander Khloponin
 - July 14, 2011, the videoconference whose participants included American and Russian ICT specialists and civil society members
 - September 24-25, 2011, Code4Country marathon took place in the U.S. and Russia
 - September 22-24, 2011, the Regional Workshop: Public Service Delivery of the Future - Beating Corruption, Streamlining Performance, hosted by the Ministry of Justice of Georgia, with assistance of the US Agency for International Development and the European Commission. The workshop was held in Batumi, Georgia.
 - September 29-30, 2011, the meeting of the Budget Committee of the Federation Council of the RF on the following issue: “Information about the work of the Working Group on financial and taxation issues and the intergovernmental fiscal relations”. The meeting took place in St. Petersburg.
 - December 28, 2011, the meeting on improving the methodology for assessing the efficiency of regional governments in Russia. The meeting took place at the House of the Government of the Russian Federation and was headed by Deputy Chief of the Government Staff Evgeny Zabarchuk.
 - November 23, 2011, the meeting with Acting Finance Minister Anton Siluanov. The meeting was attended by the heads of the RF Ministry of Finance, experts and representatives of business associations. The participants discussed assignment of revenue sources between the tiers of the budgetary system and the allocation formula of intergovernmental transfers
 - December 21, 2011, the meeting of the working group on fiscal issues and intergovernmental fiscal relations under the leadership of Vice Prime Minister Alexander Khloponin. The participants discussed the report on decentralization to be delivered by Mr. Khloponin at the meeting of the State Council.
 - October 17, 2011 the Tenth all-Russia forum on strategic planning in Russian regions and cities.
 - December 27, 2011, the press conference at RIANOVOSTI where the tax instruments of decentralization were discussed and, in particular, proposals on reassignment of responsibilities and budget resources from the federal center to the regions and municipalities.

Attachment 4. CFP Major Publications

1. N.V. Golovanova, A.A. Suchkova and D. V. Fomin “Development of Criteria for Estimating Expenditure Needs of Spending Entities” Moscow, Academia Press, 2003.
2. Michael Alexeev, Galina Kurlandskaya, “Fiscal Federalism and Incentives in a Russian Region”, Journal of Comparative Economics, 31, 2003
3. G.Kurlyandskaya, E. Andreeva "Reform of the Intergovernmental Fiscal Relations in the RF Regions", Moscow, 2003.
4. N.Golovanova, A. Kovalevskaya and V. Redkin Chapters on Intergovernmental Fiscal Relations, Federal Budget and Tax Policy, Russian Economic Review, the Bureau for Economic Analysis, 2003-2005.
5. G.Kurlyandskaya "Budget Pluralism of the RF Governments ", Moscow, 2004.
6. “The New Russian federalism: declaration or reality?”, Gorbachev Foundation, 2004
7. A. Deryugin «Special features of the Russian Federalism», Magazin "Neprikosnovenny Zapas " 2004, N6(38)
8. N. Golovanova “Comparison of Government Revenue Structure and Major Spending Targets in Russia and Hungary”, University of Bonn, Germany, 2004
9. “More Effective Public Spending on Education in Stavropol Krai”, CFP, 2005.
10. E. Andreeva, E. Belyanova, A. Gorshenin. “The System of Medium-Term Expenditure Planning in the Framework of Budget Constrains by Sectors”, Moscow, 2005.
11. “Proposals on Calculating Financing Standards for Institutions of Secondary Professional Education: Approaches and methodological Recommendations” edited by N. Tipenko, Moscow, 2005.
12. Migara O. De Silva, Galina Kurlyandskaya “Intergovernmental Design in Russia: An Overview”, WBI, 2006
13. G. Kurlyandskaya, N. Golovanova “Decentralization in the Russian Federation” Econ Change, 2006
14. N. Golovanova, E. Andreeva "The Concept of Decentralization and Measurement Tools, Example of Russia" in "Development of Fiscal Federalism: International Experience and Russian practice", edited by Migara O. De Silva, G.Kurlyandskaya, Moscow: «Ves' Mir”, 2006
15. N. Golovanova, E. Andreeva, O. Vorontsova, N. Barbashova "Intergovernmental Transfers: The Economic Meaning, Purpose and Types" in "Development of Fiscal Federalism: International Experience and Russian practice", edited by Migara O. De Silva, G.Kurlyandskaya, Moscow: «Ves' Mir », 2006
16. A. Kovalevskaya «Restructuring of the Budget Sector. Economist' View», «60s Parallel», 2006, №4
17. G.Kurlyandskay, A.Deryugin. “The Practice of Fiscal Federalism: Comparative Perspectives”, Chapter on Russian Federation, Mc-Gill-Queens’s University Press, 2007
18. Galina Kurlyandskaya “Moscow and Regions’ Share in Russia’s Oil and Gas Revenues”, Federations, vol. 6, # 1 February/March 2007

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19. A. Kovalevskaya, M. Duganov, M. Garadja “Methods of Statistical Data Collection Based on Results-Oriented Management: Settlement Locality Card” in “Local Governance and Civic Engagement in Rural Russia”. World Bank, Russian Country Office, 2007.
 20. Natalia Barbashova, V. Litvintsev "The problems of the formation and execution of liabilities of the inner municipalities of Moscow", "Accounting and Control» № 4, 2008.
 21. Migara O. De Silva, Galina Kurlyandskaya, Elena Andreeva, and Natalia Golovanova “Intergovernmental Reforms in the Russian Federation. One Step Forward, Two Steps Back?” WB paper, Washington, DC. 2009
 22. Migara O. De Silva, Galina Kurlyandskaya, Elena Andreeva, Natalia Golovanova “Intergovernmental Reforms in the Russian Federation” The World Bank, 2009.
 23. N. Golovanova, G.Kurlyandskaya “Local Governments in Eurasia” in Global Report on Local Democracy and Decentralization, 2009.
 24. G.Kurlyandskay, A.Deryugin. «Program Budgeting: Passed Zero Level», Budget Magazine, 2010, № 12
 25. N. Golovanova, Y. Gerasimova, R. Afanasiev, “Budget Policy in RF subjects”, Moscow, 2010
 26. A.Kovalevskaya, “Standard Cost Calculation for Public Services”, Budget Magazine, Number 10 (94) October 2010
 27. E. Andreeva, A. Kovalevskaya, “ Economic Evaluation of Social Programs”, Budget Magazine, Number 4 (112) April 2012