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## **MUNICIPAL GOVERNANCE IN MODERN RUSSIA**

### **Abstract**

The results of survey, Municipal Governance in Modern Russia, was conducted in 2003 – 2004 by the Institute for Urban Economics (IUE), are presented in the paper.

The primary goal of the research is to take an inventory of the experience accumulated by the cities in the field of managing local development, focusing on such important parameters as local leaders' awareness of new management technologies and popularity of such technologies, activity of municipalities at inter-municipal level, technical equipment of administrations.

The study of the present status of municipal governance in Russia is all the more important now, with the beginning of a critically new period in the development of Russian cities. Internal and external factors of various nature determine the beginning of this period.

On the one hand, relative economic stability in the country and experience accumulated over the years enabled many cities to turn at last from current problems and institutional reforms to strategic planning of their development.

On the other hand, the system of local self-governance itself is being transformed drastically by the state – both in terms of territorial organization and municipal powers and interaction between different levels of government. Further transformation is determined by the new version of the Federal Law, On the General Principles of the Organization of Local Self-Governance in the Russian Federation, passed on October 6, 2003 (#131-FZ). The law will fully come into force on January 1, 2006, but preparatory work is already under way in Russian regions.

The following main conclusions can be drawn, based on the survey results.

1. New advanced technologies of municipal governance and instruments of socio-economic development have passed the phase of pilot implementation and are now being disseminated on a mass scale.
2. Network of inter-municipal contacts has become a reality and is functioning actively.
3. Computerization of local administrations and information access of city residents have reached a rather high level.
4. Local self-governments are still faced with their traditional problems, first of all, finances and personnel.
5. Population size is not a decisive factor in institutional development of Russian cities.

## Introduction

Over the decade, which has passed since the new Constitution of the Russian Federation had been enacted, providing for separation of local self-governance from state authority, Russian municipalities have gained vast and diverse experience in independent socio-economic development under the new conditions. Framework Federal Law #154-FZ, *On the General Principles of the Organization of Local Self-Governance in the Russian Federation*, passed in 1995, established general principles of municipal activities. In particular, the law provided for an open list of local issues, which fall under the competence of local self-governments; the structure of local self-governments was not strictly regulated, etc.

As a result, municipalities have received a high degree of freedom in their search for efficient solutions to their problems and selection of the optimal way of development. However, in practice, this freedom was limited considerably by deficit of financial and property resources caused by insufficient regulation of the relationship between different levels of public authority. Large powers stipulated by law and lack of real controls – these were the conditions which defined the development of Russian cities. Routine work on implementing institutional reforms of the very system of municipal governance was the main development priority, especially in the earlier stages.

The fact that municipalities assigned such a high importance to **managerial aspects** can be explained by several reasons. First of all, new goals required new organizational solutions. Methods of municipal economy management, inherited from the Soviet era, worked only under the conditions of centrally planned economy and were in need of modernization. For many cities, abandonment of the Soviet schemes was anything but easy, many relicts of old methods still remain in municipal practice. Second, limited local resources forced municipalities to look for solutions, which would be both low-cost and efficient. Relevant management reforms could help to use limited resources in the most efficient way at a comparatively low cost.

Obviously, the intensity of reforms was different in different municipalities. On the one hand, there were, so to speak, advanced municipalities, more susceptible to new ideas and more active in terms of modernization of their management practices, and on the other hand, there were cities, which fell behind due to a number of reasons. A lot depended on the resources which municipalities had at their disposal and on their environment (in the broad sense of the word), however, various subjective factors also came into play. One way or another, we can state that during the time of existence of the institution of local self-governance in Russia, a locally determined **system of municipal governance** has been established, which requires examination, systematization and analysis.

The study of the present status of municipal governance in Russia is all the more important now, with the beginning of a critically new period in the development of Russian cities. Internal and external factors of various nature determine the beginning of this period.

On the one hand, relative economic stability in the country and experience accumulated over the years enabled many cities to turn at last from current problems and institutional reforms to strategic planning of their development. “Emergency” nature of municipal programs is gradually being replaced by implementation of specific projects, which have strategic significance for municipal development. New management technologies (strategic planning, program monitoring and evaluation, etc.) and instruments of socio-economic development (mortgage lending, legal zoning, etc.) receive more and more recognition.

On the other hand, the system of local self-governance itself is being transformed drastically by the state – both in terms of territorial organization and municipal powers and interaction between different levels of government. Further transformation is determined by the new version of the Federal Law, *On the General Principles of the Organization of Local Self-Governance in the Russian Federation*, passed on October 6, 2003 (#131-FZ). The law will fully come into force on January 1, 2006, but preparatory work is already under way in Russian regions.

These factors can come into conflict with each other: the need to adopt to new principles of operation can slow down municipal development. The period of transition presents a good occasion for reviewing the achievements made to this date and trying to peek into the future.

First of all, the time has come to take an inventory of *the experience accumulated by the cities* in the field of managing local development, focusing on such important parameters as local leaders’ awareness of new management technologies and popularity of such technologies, activity of municipalities at inter-municipal level, technical equipment of administrations. This is **the primary goal** of the research. It would be unfair to say that other researchers have never before focused on Russian municipalities: there is a number of thorough papers on their status and problems, among which the fundamental work by V. Leksin and A. Shvetsov, entitled *Municipal Russia*<sup>1</sup>, deserves a special mention. However previous research was usually limited to the analysis of formalized aspects of the organization of local self-government (quantity of municipalities, forms of operation of local self-governments, provisions of municipal statutes, etc.). Unformalized forms of activities of municipal administrations, which are no less significant (external contacts, planning of municipal development, interaction with local communities, introduction of new management instruments) were left out.

One of the ways to identify municipal development tendencies, not represented by official statistics, is to conduct a survey of representatives of municipalities. Our research was based on questionnaire survey, which enabled us to evaluate the status of municipal management in Russian cities from the viewpoint of municipal officials themselves, thus obtaining a more revealing picture than the one presented by statistics. Moreover, the survey method enabled us to achieve the **second goal** of the research – to learn the *opinion of Russian municipalities on the innovations introduced by the new Law on local*

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<sup>1</sup> V. Leksin, A. Svetsov. *Municipal Russia: Socio-Economic Situation, Laws, Statistics*: in five volumes. M. Editorial URSS, 2001

*self-governance* and their own future status under the new system (urban district or urban settlement, which is not a district). At this time, there is a notable lack of information on this subject. Meanwhile, future development of municipalities (including socio-economic development) is in many ways determined by their readiness and willingness to implement the reform.

The survey, *Municipal Governance in Modern Russia*, was conducted in 2003 – 2004 by the Institute for Urban Economics (IUE). This paper presents in brief the main results of the survey and subsequent qualitative conclusions regarding the situation in municipal governance and prospects of its development.

**The following cities participated in the survey:** Abakan, Aleksin, Angarsk, Apatiti, Arzamas, Arseniev, Artyom, Artyomovsky, Astrakhan, Atkarsk, Achinsk, Balakhna, Baley, Bataisk, Bezhetsk, Belovo, Bely, Berezniki, Bologoe, Bor, Borisoglebsk, Borodino, Bratsk, Velikie Luki, Veliky Novgorod, Venev, Verhny Ufalei, Verhniaia Salda, Verhniaia Tura, Vladimir, Volgodonsk, Votkinsk, Vytil, Viksa, Gagarin, Galich, Gatchina, Gorbato, Gorno-Altai, Gornozavodsk (Perm Oblast), Gorohovets, Gremiachinsk, Gus-Hrustalny, Dalmatovo, Desnogorsk, Dzerzhinsky, Divnogorsk, Dimitrovgrad, Donetsk, Donskoy, Drezna, Dubna, Diatkov, Eisk, Zavolzhie, Zapadnaia Dvina, Ivangorod, Ivanteevka, Izhevsk, Inza, Irkutsk, Isilkul, Iskitim, Ioshkar-Ola, Kaliazin, Kamenka, Kargopol, Karpinsk, Kashin, Kem, Kimovsk, Kingisepp, Kinel, Kineshma, Kirzhach, Kirillov, Kirishi, Kirov (Kaluga Oblast), Kirovo-Chepetsk, Kniaginino, Kovilino, Kozmodemiansk, Kologriv, Komsomolsk, Korkino, Korolev, Kostomuksha, Kostroma, Kotlas, Kotovsk, Krasnoarmeisk (Saratov Oblast), Krasnokamensk, Krasnoufimsk, Krasnoyarsk Kungur, Kushva, Kishtim, Labitnangi, Lakinsk, Langepas, Lensk, Lermontov, Lesozavodsk, Livni, Lgov, Magadan, Makariev, Maloyaroslavets, Mednogorsk, Miass, Millerovo, Mikhailovsk (Stavropolsky Krai), Morozovsk, Nakhodka, Nevelsk, Neman, Neriungri, Nesterov, Neftekumsk, Nikolskoe, Novaia Ladoga, Novoaleksandrovsk, Novovoronezh, Novodvinsk, Novomichurinsk, Novomoskovsk, Novocheboksarsk, Novoshakhtinsk, Noginsk, Obninsk, Ozersk (Cheliabinsk Oblast), Oktiabrsk, Omutninsk, Onega, Orenburt, Orekhovo-Zuevo, Orlov, Osinniki, Ostashkov, Ostrov, Otradny, Partizansk, Perm, Petrozavodsk, Petropavlovsk-Kamchatsky, Pechori, Podporozhie, Polevskoi, Polisaev, Prvolzhsk, Pskov, Pugachev, Puchezh, Piatigorsk, Raichikhinsk, Revda, Rossosh, Rostov-on-Don, Rils, Riazhs, Riazan, Satka, Svobodny, Severodvinsk, Seversk, Seltso, Sibay, Skopin, Slaviansk-na-Kubani, Sovetsk (Kaliningrad Oblast), Sovetsk (Kirov Oblast), Sosnovoborsk, Sosnovy Bor, Sosnogorsk, Sredneuralsk, Strezhevoi, Stupino, Suvorov, Sudzha, Sudogda, Sizran, Taganrog, Taishet, Tetiushi, Tikhvin, Togliatti, Toropets, Troitsk (Mowcow Oblast), Troitsk (Cheliabinsk Oblast), Tula, Tutaev, Tiukalinsk, Usinsk, Ussuriisk, Ust-Kut, Ufa, Fokino (Primorsky Krai), Chebarkul, Cheboksary, Cheliabinsk, Cherepovets, Cherkessks, Chermoz, Chita, Shadrinsk, Sharipovo, Sharia, Shatura, Suia, Yuzhno-Sakhanlinsk, Yuzhnourallsk, Yuriev-Polsky, Yuriuzan, Yakutsk, Yaransk, Yarovoe, Yasny.

**Institute for Urban Economics wishes to express its gratitude to all cities, which have participated in the survey, *Municipal Governance in Modern Russia*.**

## Survey organization and representativeness

In September 2003, IUE has developed a questionnaire, entitled, *Municipal Governance in Modern Russia* (the Questionnaire). The questionnaire was verified by professional sociologists in terms of correct formulation of questions. In the period between November and December 2003, the questionnaires were distributed to 1 086 cities – to all Russian cities, excluding the cities of federal significance (Moscow and St. Petersburg) and cities of Chechen Republic. The questionnaires were intended for heads of municipal administrations or their deputies.

IUE stopped accepting questionnaires from cities in the end of June 2004. Out of 1086 cities, 217 have returned completed questionnaires. Therefore, **one in every five cities** has made its contribution into painting an overall picture of municipal governance in modern Russia. This result enables us to consider this sample to be **sufficiently representative**. At the same time, survey results cannot be automatically extrapolated to all 100% of Russian cities. They reflect the processes taking place in the cities, which are the most “advanced” and active in developing local self-governance and which possess the most valuable experience in this field.

For ease of analysis, all the cities are divided **in three groups**, in accordance to traditional classification: large cities (population over 100 thousand), medium-size cities (population between 50 and 100 thousand) and small cities (population below 50 thousand). Large cities, in their turn, are divided into administrative centers of the Subjects of the Russian Federation and the cities, which are not the centers of the Subjects of the Russian Federation.

Out of 217 cities, which have completed the questionnaire, 52 are classified as large cities (25 of them are centers of the Subjects of the Russian Federation), 43 – as medium-size ones, and 122 – as small ones. This result reflects the overall proportion of large, medium-size and small cities in Russia.

The sample is representative in geographical terms as well. The questionnaire was answered by cities from all federal districts and from 80% of the Subjects of the Russian Federation. In all federal districts, with exception of Southern Federal District, the percentage of cities, which have completed the questionnaire, is almost the same – 20% on the average. Southern Federal District is represented in the survey mainly by Volgograd Oblast, Rostov Oblast, Stavropolsky Krai and Krasnodarsky Krai; most of the cities from the republics of North Caucasus did not reply to the questionnaire.

Let's look at the main results of the survey, following the questions of the questionnaire.

## 1. Positioning and external activity of cities

### *Official status and “second name”*

Most of answered provided only formal administrative status of the city (capital of the Subject of the Russian Federation, city of regional significance, etc.). Respondents most often characterized their cities in terms of one of the four most common aspects (geographical location, specialization, time of origin, famous townsmen) or gave lengthy descriptions. Overall, survey participants tend to consider administrative status or economic specialization as main identifiable characteristic of their cities. Historical and cultural symbols receive far less attention.

Only few responses were truly original and demonstrated informal approach of municipal administrations to shaping of the city image. Russian municipalities still have to put a lot of effort into positioning themselves in the information space.

The vast majority of sample cities (over 80%) belong to at least one municipal association, and approximately one quarter of such cities belong to more than two associations. Large cities (regional centers) are the most active in terms of participation in municipal associations, but small cities also have a rather significant share of members of municipal associations (three quarters). Cheliabinsk is a member of a maximum number of associations (7), and seven more cities belong to 6 associations.

### *Membership in municipal associations and unions*

Among municipal associations, the Union of Small Cities of the Russian Federation was mentioned most often (60 times), which can be explained by high representation of small cities in the sample. Also, Association of Siberian and Far Eastern Cities, Union of Historical Cities and Regions of Russia, and Union of Russian Cities were mentioned more than 20 times.

Approximately half of the associations mentioned in responses are included into the Congress of Russian Municipalities. Approximately one out of every five associations mentioned is an international association or union.

### *Sister cities*

Russian cities are rather active in making contacts with other municipalities and establishing sister relationship. A little less than half of sample cities are involved in this process (about 43%). As before, the priority is given to sister relationship with foreign cities, often established in Soviet times. Five countries, which have the largest number of sister cities to Russian cities are USA, Germany, China, Finland and Belorussia.

However, in recent years, the role of city partnership inside Russia has grown. Starting from 1997, new Russian sister cities have been emerging regularly – 3-5 a year. Now the total number of Russian cities which have sister relationship with other cities comes to 37. Generally, the larger the city and the higher its administrative status, the more likely it

is to establish partnership with other cities. At the same time, the number of sister cities is not related to the size of the city – many small and medium-size cities are among leaders in terms of the number of sister cities.

The number of cities, which share their experience with others, is somewhat bigger than the number of cities adopting experience from others. This can be explained by the fact that there is a rather small number of cities, which are particularly active in terms of establishing contacts with other municipalities.

*Exchange of experience  
between cities*

The largest Russian cities, centers of the Subjects of the Russian Federation, active members of municipal associations were most often mentioned as cities visited for the purpose of adopting their experience. The first two positions are occupied by the cities of federal significance – Moscow and St. Petersburg. At the same time, among the cities mentioned 5 times or more are Dzerzhinsky (small city) and Obninsk (large city, but not a regional center).

## **2. Implementation of the new version of the Federal Law, On the General Principles of the Organization of Local Self-Governance in the Russian Federation (#131-FZ, of October 6, 2003)**

*Present and future  
status of the city*

Although heads of almost all the cities have seen the new version of the Federal Law, *On the General Principles of the Organization of Local Self-Governance in the Russian Federation* (#131-FZ of October 6, 2003) and formed their own opinion on it, about one third of them were unable to say exactly what status their city will receive in 2006. This fact signifies some perplexity in the face of the reform, caused by insufficient clarification of the criteria for assigning municipalities with a new status in the text of the law. Moreover, for many cities, new status is a matter of “bargaining” with regions, the outcomes of which are yet uncertain.

It should be stressed that survey results reflect position of the cities in the period between October 2003 and May 2004. Today, the situation is changing and becoming more certain, as many Subjects of the Russian Federation have intensified their work on defining the boundaries and status of municipalities. In any case, the fact that less than one year before the law comes into force, many cities are uncertain about their future status does not provide grounds for optimism.

About 30% of sample cities think that starting from January 1, 2006, they will lose their independence and become a part of a municipal raion. These are mainly small cities, many of which are now developing rather actively as independent municipalities.

***Evaluation of the new version of the Federal Law, On the General Principles of the Organization of Local Self-Governance in the Russian Federation***

part was neutral (about 20%).

It can be said that heads of the sample cities have ambiguous attitude toward the new version of the Federal Law, *On the General Principles of the Organization of Local Self-Governance in the Russian Federation*. As of the period between October 2003 and May 2004, the percentages of those approving and disapproving of the law were almost the same (40% each), while considerable

City's attitude toward the law is largely determined by the expected future status of the city in accordance with the law. The cities, which worry about not being given the urban district status and losing their independence, have more reasons for discontent. These are mostly small cities. Large and medium-size cities generally have a more favorable opinion, with exception of large cities, which are not centers of the Subjects of the Russian Federation.

### **3. Main attributes of urban municipality**

Less than half of the cities indicated that they have a founding act. This can be explained by peculiar legal situation in the early 1990-s. Municipalities, which had already been in existence when the old law on local self-governance was enacted (#154-FZ of August 28, 1995), were recognized as such. Special founding acts were passed by regional legislative authorities regarding municipalities, which have emerged as a result of changes in the existing system of municipalities. As a rule, these were small and medium-size cities, which were either separated from raion or merged with it.

***Founding act of municipality***

***Charter of municipality***

Eighty five percent of sample cities have their charters. Majority of the remaining cities are not independent municipalities, but parts of other municipalities. These are generally small cities.

Most of municipal charters have been adopted in 1996-1998. Cities, which have the status of municipalities, are actively introducing changes and amendments into their charters, and this activity has been steadily growing in the recent years. This is a sign of step-by-step improvement in operation of the law on local self-government currently in force. In this connection, there is a certain danger that enactment of the new law in some cases will force municipalities to start this process from the very beginning. Therefore, representatives of municipalities insist on maximum degree of continuity of new and already existing charters. We have reason to believe that these requests will be taken into account in the implementation of the Federal Law #131, of October 6, 2003.

Most of the sample cities (82%) responded that they have their own budget, and only 17% - that they don't (1% did not respond to that question at all). The cities that responded "no", are mostly parts of other municipalities. Lack of an **independent** budget was also indicated by a number of cities, which in form are independent municipalities but in fact operate under municipal cost sheet. Intergovernmental fiscal relationship in overwhelming majority of cities (76% of respondents) are regulated by the body of state power of the Subject of the Russian Federation. The rest of the cities either belong to a raion, which defines local budget, or represent closed administrative territories, financed by federal center directly.

#### *Budget of municipality*

About 40% of sample cities responded that two- or threefold increase of their budget would be sufficient for normal functioning, about 20% - three- or fourfold increase.

There is no significant variation in budget capacity of cities, depending on their size: in this respect, small cities hardly differ from centers of RF Subjects. Large cities, which are not centers of the Subjects of the Russian Federation, have the highest budget capacity. This can be explained by the fact that respondents from this group were mostly industrial centers, whose economic status is relatively good (Dimitrovgrad, Togliatti, Cherepovets). On the one hand, these cities have large tax base, and on the other hand, they often have lower tax-sharing rates than regional centers.

Thirty five percent of sample cities indicated that they have some experience in prospective financial planning. Almost the same number of cities intend to develop prospective financial plan. Large cities have the most experience in this field, and non-centers of the RF Subjects even more so, than the centers.

#### *Municipal property and assets*

Only one quarter of sample cities have already registered ownership rights to municipal property, most of them (60%) were in the process of registering their ownership rights as of the period between October 2003 and May 2004. The process of delineation of state property in most cities has just started.

Only in one city the process of delineation of state ownership of land has been completed (Dimitrovgrad, Ulianovsk Oblast).

## **4. Heads and representative bodies of municipalities**

In most sample cities (over 95%) the charter provides for elective post of the head of municipality. In 90% of them, head of municipality is elected by population of municipality, in 7% - by representative body of local self-government (3% did not answer the question). Under the latter election procedure, representative body usually appoints one of its members to the post, however in the city of Gagarin, Smolensk Oblast, head of municipality is appointed

#### *Heads of local self-governments*

by Duma under an employment contract, signed with the winner of competitive selection process.

In 4% of the sample cities, the charter does not provide for the post of the head of municipality. Local self-governments in these cities are headed by other officials, appointed under contracts with representative body of municipality or body of state power of the Subject of the Russian Federation (City of Ufa).

#### *Representative bodies of municipalities*

Almost all the sample cities have elective representative bodies (only 2 cities did not reply to this question). The number of deputies in the representative body varies greatly, even in cities with comparable population size: in large cities, the number of deputies ranges from 9 (Veliky Novgorod) to 60 (Petrozavodsk, Ufa), in medium-size and small cities – from 5 to 40. Starting from January 1, 2006, all these cities will have to increase the number of their deputies 1.7 times, on the average. New deputy positions will be created in at least 30% of Russian cities (mostly medium-size and small ones), as these cities will have the status of urban settlements (not districts). As a result, in 2006, by the most conservative estimate, total number of deputies in urban municipalities alone will increase 3 times, compared to 2003.

The smaller the city, the less likely it is to have certain number of deputies working on a permanent basis: 48% - among small cities, and over 70% among large cities. Only large cities can afford to keep a relatively high number of deputies (more than three) on a permanent basis; in small cities, there are usually just 1 or 2 permanently working deputies (an exception is presented by Podporozhie, Leningrad Oblast, a small city, where all 19 deputies work on a permanent basis).

In almost half of the sample cities (46%) the positions of the head of local self-government and head of representative body of local self-government are concurrently held by the same person. In small cities this practice is more abundant: the positions are held concurrently by the same person in 51%. The ban on concurrent holding of the positions of the head of representative body and the head of executive body of local self-government by the same person, imposed by the new law, will limit the right of these cities to select the best-fitting form of government.

## **5. Structure, size and professional qualifications of municipal administration,**

Leaders of 2/3 of the sample cities are satisfied with the existing structure of their administration. Those, who are not satisfied, are mostly represented by heads of the centers of the RF Subjects, i.e. cities with bigger demands and bigger capacity for their satisfaction. In addition, large cities (regional centers), have large administration staff and have to build a relationship with regional authorities, which is often not easy. These factors provide grounds for the

#### *Structure of administration*

emergence of rival groups within the administration, each having their own interests and often opposed to the head of administration.

Since 1991, new subdivisions have been established within administration structure of 70% of the sample cities. In 35% other fundamental changes in administration structure have taken place. At present, most of the cities do not plan to introduce any changes into the structure of their administration until the new version of the Federal Law, *On the General Principles of the Organization of Local Self-Governance in the Russian Federation*, comes into force, even if they think that the existing structure is inefficient.

#### *Size of administration*

Heads of the cities are quite aware of the importance of the issue of optimal administration size, but this is not a mass problem. A little less than 50% of sample cities are satisfied with the current administration size. Out of the cities not satisfied with their administration size, 2/3 have insufficient number of employees, while 1/3 – on the contrary, intend to reduce the size of their administration. The latter fact shows that municipalities pay certain attention to the issues of efficient management and realize that increase in the number of officials does not, by itself, solve any problems.

About 2/3 of the heads of the sample cities are not completely satisfied with professional qualifications of their administration officials and/or performance of its subdivisions. Generally, the bigger the city and the higher its administrative status, the more its leader is likely to be satisfied with professional qualifications and performance of administration officials. Therefore, dissatisfaction with administration **structure**, common in large regional centers, is not transferred on certain officials. It's also worth noting that low professional qualification of employees worries municipal authorities more than insufficient number of staff – most of the leaders follow the principle: “strength in quality, not in numbers”.

#### *Professional qualification of administration officials*

Reasons for inefficient performance of administration departments, most often mentioned by the respondents are: lack of or insufficient motivation of employees, insufficient funding, poor technical equipment, poor knowledge of modern management technologies, overburdening of local self-governments with state powers.

For Russian cities, evaluation of administration officials is a rather common and routine procedure. It is performed in 94% sample cities. Usually, evaluation is performed at least ones every four years (in 85% of the cities) and associated with local elections. Evaluation results serve as grounds for crucial managerial decisions, including firing of employees, unable to confirm their professional level. The most often consequence of evaluation results is sending employees to advanced training courses.

Municipal administrations generally prefer short-term courses for advanced training of their officials, although there is a considerable number of cities, which have long-term

courses (up to 1/3 of the sample). Long-term in-service training is the form of training used most often in large cities.

In most of the cities, advanced training courses for administration officials are delivered by the administration of the RF Subject (in 80% of sample cities) or other organizations (74%). Only in 37% of the cities (mostly large ones) such courses are delivered by municipal administration. This situation certainly is not the best one for the quality of training of municipal officials.

*Availability of computers  
and Internet access to  
administration officials*

Overall, Russian municipal administrations have a high level of computer availability: about 90% of respondents have computers. Moreover, in 45% of sample cities, there is one or more computers per every two employees, while only in less than one quarter of sample cities there is less than one computer per every three persons. Large cities, which are regional centers, are the most computerized – among them, the share of cities, in which there is more than one computer per every two employees, comes to 80%. Large cities, which are not regional centers, are close to the least computerized small cities in terms of the level of computer availability.

Municipal administrations have rather high level of Internet access. It is available in 85% of sample cities. In 30% of them, Internet access is available to all employees. Generally, the larger the city and the higher its administrative status, the higher is the number of administration officials and departments, which have Internet access. In small cities, Internet access is usually available, if at all, only to limited group of officials or, less often, to specialized information department.

## **6. Interaction with local community**

Bodies of territorial self-administration function are operating in 60% of the sample cities. Small cities are the least likely to have territorial self-administration (only 53% of small cities have it), while practically all large cities – centers of the Subjects of the Russian Federation have it (96%). Territorial self-administration is most common in the cities of Southern Russia, as they historically have strong traditions of community self-administration.

*Territorial self-  
administration*

Only in half of the sample cities, operation of territorial self-administration is financed from the local budget. In 40% of the cities, activities of territorial self-administration are sponsored (fully or in part) from extrabudgetary sources. Approximately in 10% of the sample cities (mostly in small ones), territorial self-administration operates independently, without any financial support.

***Community consultation organizations facilitating socio-economic development of the city***

There is a widespread practice of establishing community consultation organizations within the administration in the sample cities. Almost 80% of respondents indicated that they have such practice. Less common is establishment of specialized organizations aimed at facilitation of municipal socio-economic development but not included into the administration structure (60%). Medium-size cities are more likely to have such organizations.

In sample cities, the most popular forms of citizens' participation in local self-governance are citizens' gatherings and meetings. They are used in over 70% of sample cities, and large and medium-size cities are just a little less likely to use these forms than small cities. Also, quite often local authorities have direct contact with citizens through personal meetings and direct phone line.

***Mechanisms for direct participation of citizens in addressing local issues and learning their opinion***

Almost in 100% of sample cities, elections and referendums are being held. Public opinion polls, due to their relatively high cost, are being taken only in half of the sample cities. They are least common in small cities (45%).

Public opinion polls are mostly used in connection with elections, which determine their question area. In most cases, the polls are initiated by local administration, which wants to "test the waters" and learn political preferences of the population. Economical issues are included into opinion polls rather rarely.

***Mass media and interaction between residents and local self-government***

Local newspapers are being issued almost in all sample cities (only among small cities, 93% have local newspapers, while in other groups – 100%). Electronic mass media are also quite common. 73% of sample cities have local radio stations, and 70% - local TV stations.

Sample cities prefer traditional forms of interaction between residents and local self-government (answering to questions of residents through mass media, public reception offices). Direct phone lines are very common (in over 70% of sample cities). In addition, in half of all large cities, one quarter of medium-size cities and 9% of small cities, a relatively new form of interaction through Internet is being used.

## 7. Planning of municipal socio-economic development, monitoring and evaluation of municipal programs

### *Forecasts and plans (short-term and medium-term) of socio-economic development of the city*

In most of the sample cities, forecasts of socio-economic development are being designed (in 96%), as well as comprehensive development plans (already designed in 77% of cities, still in the stage of being designed – in 10%).

Short-term planning horizon is preferred in most cities, medium- or long-term forecasts are rather rare. The percentage of cities, which have comprehensive development plans is somewhat overstated, in our opinion, as the latter are often confused with results of current municipal planning.

Only in half of sample cities, outside organizations are involved in drafting these documents. Most of the cities (60%) report that local community participates actively in the drafting process. Public hearings, however, are only held in one in every 5 cities. Local communities are most likely to learn information from mass media publications.

At present, many cities are making a transition from current and medium-term planning to long-term planning of municipal development strategy. As of now, only in half of sample cities, strategic planning of local socio-economic development have been introduced. As far as this parameter is concerned, small and medium-size cities show the same results as large cities, which are not the centers of RF Subjects: in all three groups the percentage of cities, which have development strategies, is close to 50%. Centers of RF Subjects have a considerably higher percentage of cities with development strategies – over 70%.

### *Documents describing long-term strategic development of the city*

Unlike medium-term comprehensive planning, which cities prefer to do on their own, strategic planning is usually done with participation of outside organizations. This is understandable, as this practice is relatively new and many municipalities lack the experience necessary.

Large cities usually finance this activity from the local budget, while medium-size and small cities are more likely to use grants for this purpose. Among the reasons for principal strategic documents not being implemented, unavailability of the document and lack of finances are mentioned most often.

### *Monitoring and evaluation of municipal programs and plans*

About 60% of sample cities reported that they are familiar with municipal program monitoring technology, and 55% - that they are familiar with evaluation technology. Less than half of them apply these instruments and often only monitoring instruments are

being used.

When evaluation is performed, its results don't usually serve as grounds for amending the program. In most cities, programs, including strategic plans, are being changed quite often, but usually for "external" reasons (changes in tax laws, financing terms, investment climate).

Generally, the cities which follow the scheme: monitoring – evaluation – changes based on evaluation results, constitute 40% of the total number of cities, where programs and plans of municipal socio-economic development are being designed. However, even in those cities, in most cases, only progress of program implementation is being evaluated, but not the results.

## 8. Municipal investment and information policies

### *Investment policy and support to small business*

Sample cities pay relatively little attention to institutionalization of municipal investment policy. In less than one third of the cities, investment policy is regulated by special regulatory acts, and only one out of every five cities (mostly large ones) has investment passport.

At the same time, most sample cities (67%) have official documents on supporting small business. Business support funds represent the most common form of small business support (they exist in 65% of sample cities, while 17% are planning to establish such funds); business incubators have been or are being established in many cities (35%). A lot of attention is paid to consulting services provided to small business.

Only one quarter of sample cities have information policy formulated in an official document. Less than half of the cities have their own web sites, and less than one in every three cities have official web sites, i.e. web sites supported by local administration. In large cities, especially in the centers of RF Subjects, administration pays more attention to being represented in the Internet: 60% in this group have their own site, all of them official. Most of the city sites have been created in the last 3-4 years.

### *Information policy*

Most of the sample cities (85%) are aware of the need for creating their own statistical database, but only half of them are really working on establishing and maintaining such a database.

## 9. Town regulation and housing construction

### *Town regulation*

Over 50% of sample cities use general plans, adopted in the Soviet times. And in one quarter of the cities, the official term of the general plan has already expired. Less than one in every five cities have general plans

developed in 21<sup>st</sup> century.

Cities are actively working on making a transition to legal zoning system. Twenty five percent of sample cities indicated that this system had already been introduced. This result is almost four times higher than IUE expert evaluation of the number of cities, having implemented legal zoning in full compliance with federal laws. We can conclude that in many cities, the complex of measures, interpreted as legal zoning, actually does not fully correspond to the requirements stipulated by federal laws. In this connection, it would be more correct to interpret the data obtained as “have been implemented / is being implemented fully or in part”.

Heads of most sample cities (57%) indicated that housing “is being constructed, but not actively”. Fourteen percent chose the answer “being constructed actively”, while 24% - “almost not being constructed” and 4% - “not being constructed at all” (1% did not reply to this question). Only in the group of large cities – centers of RF Subjects, the share of cities “actively constructing” housing is close to the share of cities “constructing but not actively” (40% and 48% respectively).

#### *Housing policy*

Rates of housing construction in most cities do not help to make any progress in the housing waiting list. Almost 60% of the city heads indicated that there is almost no progress in the waiting list.

At the same time, such a new institution as mortgage lending, has already received quite wide recognition in the cities. Only 35% of respondents said that mortgage lending is “not being developed” in their cities, while 40% indicated that it is “being developed very slowly”. Answers “almost not developing” and “there are some attempts, but general trend is negative” were chosen by 11% of respondents each, which indicates that these cities are at least familiar with mortgage lending. Three percent of respondents did not reply to this question.

Naturally, right now (as of the period between October 2003 and May 2004) large regional centers are the most likely to develop mortgage lending, however in 27% of small cities, mortgage lending is also being developed.

### **10. Main problems facing the cities**

Housing and utility sector proved to be the most problematic: over 70% of city heads picked this answer as the most pressing problem<sup>2</sup>. It is followed by financial and economic problems, such as: budget deficit (59%), lack of investments (46%), depreciation of fixed assets (48%). In medium-size cities, budgeting problems are mentioned more often than housing and utility sector (70% and 67% respectively).

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<sup>2</sup> Respondents could chose no more than three answers, when replying to this question.

Often, when answering this question, respondents had in mind municipal management problems facing the administration rather than general city problems. This is the reason for social and socio-economic problems (low-income population, employment problems, crime) being mentioned less often than financial problems, which are usually felt more acutely by administration representatives, who have to deal with municipal budget. Crime was mentioned rather rarely (18%), which can be explained by the fact that the sample is dominated by small cities, in which crime problem is less important than in large cities. The same fact explains why lack of investments, mentioned by representatives of large cities relatively rarely, still got quite high rating.

Large cities, which are not centers of RF Subjects, are distinguished by relatively high significance of the problem of territorial limitations on municipal development (mentioned by 26% of the cities in this group) and transportation problem (19%). Regional centers and smaller cities assign less significance to these problems (they were mentioned by 10-15% of cities in these groups).

In all cities, education is considered to be the least troubled sector (mentioned only by 5% of all cities). Municipal administrations are also not very much concerned about small business problems (8%). Only one city (Tutaev, Yaroslavl Oblast) mentioned “ethnic conflicts”.

## **Conclusion**

As a whole, the study, *Municipal Governance in Modern Russia*, was successful. The data collected were sufficient for drawing conclusions about development of municipal governance in Russia, with confidence level acceptable for research of this type.

The survey has revealed high willingness of cities to participate. Most of the questions were answered clearly and informatively, cities quite often used the option of providing their comments to answers.

The following **main conclusions** can be drawn, based on the survey results.

1. New advanced technologies of municipal governance and instruments of socio-economic development (strategic planning, monitoring and evaluation of municipal programs, mortgage lending, and to a lesser degree – legal zoning) have passed the phase of pilot implementation and are now being disseminated on a mass scale. At least half of the sample cities (i.e. at least 10% of all Russian cities) are familiar with these technologies and find themselves at various stages of their implementation.
2. Network of inter-municipal contacts has become a reality and is functioning actively. Partner ties between Russian cities are growing, certain cities emerge as leaders of inter-municipal cooperation.
3. Computerization of local administrations and information access of city residents have reached a rather high level. The latter fact is evidenced by high percentage of cities, which have their own mass media, including electronic ones.

4. At the same time, local self-governments are still faced with their traditional problems, first of all, finances and personnel. Financial problems have the highest rating among the problems considered to be the most significant by city administrations (being preceded only by housing and utility problems). Most of the city heads wish to increase their current municipal budgets at least three times in order to be able to perform all functions they deem necessary.  
Many heads of local self-governments are not satisfied with the structure and professional qualifications of their administrations, which points to lack of freedom in selecting administration officials and defects of the existing system of training local officials: most heads of city administrations have to send their employees to advanced training courses, organized by regional authorities. The personnel problem will become even more pressing, when the new law on local self-governance comes into force and most sample cities have to increase the number of their deputies at least three times or form new representative bodies (if they don't receive the status of urban districts).
5. Population size is not a decisive factor in institutional development of Russian cities. Large cities are not always in the lead. They are highly superior, as can be expected, in terms of parameters, which require concentration of financial, human and other resources (technical equipment available to administration, frequency of public opinion polls, intensity of housing construction, involvement of outside organizations in drafting municipal programs and plans, etc.). However, medium-size and small cities show at least the same results as large one for a number of indicators of institutional development, which do not require considerable expenses. In particular, it is true for intensity of inter-municipal contacts (including international ones), implementation of strategic planning, dissemination of instruments for municipal program monitoring and evaluation. Small cities compensate for lack of budget resources with creativity, susceptibility to innovations and activity at the inter-municipal level.  
Also, it should be noted that administrative status is a more significant differentiating factor than population size. Large cities, which are not regional centers, are closer to medium-size cities than to large cities – centers of RF Subjects in terms of many parameters of institutional development. They are more concerned about their independence after coming into force of the new version of the law on local self-governance.
6. As of fall 2003 almost all sample municipalities are familiar with the new version of the law, *On the General Principles of the Organization of Local Self-Governance in the Russian Federation*. In the beginning of 2004 the cities have started preparations for the reform but this work is not very intensive<sup>3</sup>. For example, two years before the new law comes into force, over 30% of the sample cities have not yet identified their future status in the new system of local self-governance. This can be explained by the fact that the new law does not clarify sufficiently the criteria for assigning new status to municipalities. .

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<sup>3</sup> In all subjects of the Russian Federation new territorial- administrative division must be approved in the end of spring 2005. The elections in municipalities must be conducted by October 2005.

Administration heads have different opinions on the local self-governance reform: about 40% have overall negative opinion, about the same percentage – positive opinion, while 20% are neutral. Those cities, which are at risk of losing their independence as of January 1, 2006, are most skeptical. These are mostly small cities, but also about 30% of medium-size and even about 10% of large ones. Some of them have won their status of municipality in long struggle with regional authorities and not being able to receive a status of urban district will be a hard blow to them.

The local self-governance reform is conducted very actively though it is being appreciated in municipalities and regions ambiguously up to now.