



Munich Personal RePEc Archive

Territorial Fundamentals of Local Self-governance in Russia: Basic Reform Concept

Drobot, Elena

Vyborg branch of the Russian Presidential Academy of National
Economy and Public Administration

20 June 2012

Online at <https://mpra.ub.uni-muenchen.de/6451/>
MPRA Paper No. 6451, posted 04 Oct 2013 15:42 UTC

Drobot, E. Territorial Fundamentals of Local Self-governance in Russia: Basic Reform Concept / Elena Drobot. June 2012.

System of local self-governance in Russia has undertaken several stages of reforms. In this lecture we shall analyze several particularities of the organizational aspect of local self-governance, taking into consideration stages of reform, undertaken in Russia. And certain attention we shall pay to the example of Leningrad region and Vyborg municipal entity. Thus, we shall try to compare differences of municipal entities structure before reformation and after it.

Elena Valerievna Drobot, docent, candidate of economic sciences, Head of Customs and Foreign-economic Activity Department, Vyborg branch of Russian Presidential Academy of National Economy and Public Administration.

Contact information: elenadrobot@mail.ru

CONTENTS

| | |
|---|-----------|
| Introduction | 4 |
| Territorial Organization – Factors Determining the Choice..... | 6 |
| Basic Concept of the Reform of Territorial Fundamentals of Local Self-governance..... | 8 |
| Scope of Competence of Local Self-governance. Example of Leningrad Region..... | 9 |
| Municipal Property..... | 13 |
| Territorial Community Based Self-governance (TCG)..... | 14 |
| New Legislation on Territorial Fundamentals of Local Self-governance..... | 14 |
| Problems and Prospects of Local Self-governance..... | 15 |
| Types of Municipal structures..... | 16 |
| Classification and Comparative Characteristics of Different Types of Municipal Structures..... | 18 |
| Reformation of Leningrad Region and Vyborg Municipal Entity..... | 20 |
| Conclusion: the Major Reform Concepts..... | 36 |
| Summary..... | 37 |
| References..... | 39 |

Introduction

As a basic premise of establishment of local self-governance system in Russia, we can entitle the acceptance of the new Constitution of Russian Federation on December 12, 1993.

Under the Russian constitution the central government retains significant authority, but regional and local governments have been given an array of powers. For example, they exercise authority over municipal property and policing, and they can impose regional taxes. Owing to a lack of assertiveness by the central government, Russia's administrative regions — *oblasti* (provinces), minority republics, *okrugs* (districts), *kraya* (territories), federal cities (Moscow and St. Petersburg), and autonomous regions — exerted considerable power in the initial years after the passage of the 1993 constitution. The constitution gives equal power to each of the country's administrative regions in the Federal Assembly.

Several of the administrative regions established constitutions that devolved power to local jurisdictions, and, though the 1993 constitution guaranteed local self-governance, the powers of local governments vary considerably. Some local authorities, particularly in urban centres, exercise significant power and are responsible for taxation and the licensing of businesses. Moscow and St. Petersburg have particularly strong local governments, with both possessing a tax base and government structure that dwarf the country's other regions.

During last fourteen years several laws on the establishment of local self-governance in Russia have been accepted in 1993, 1995, 1997 etc.

In the first decade of the 21st century, the country began to undergo administrative change.

System of local self-governance in Russia has undertaken several stages of reforms. Fundamentals of local self-governance both in Russia and several other

countries have been properly discussed in the research carried out by Russian and Canadian economists (such as G. Gaboury, H. Kitchen, T. Letunova, N. Mironova, E. Slack, M. Slavgorodskay, I. Starodubrovskay, F. Vaillancourt) in the Framework of CEPRA (Consortium for Economic Policy, Research and Advice) in 2005¹.

In this lecture we shall analyze several particularities of the organizational aspect of local self-governance, taking into consideration stages of reform, undertaken in Russia. And certain attention we shall pay to the example of Leningrad region and Vyborg municipal entity. Thus, we shall try to compare differences of municipal entities' structures before reformation and after it.

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.

Territorial Organization – Factors Determining the Choice

Local self-governance in Russia has strong historical roots. Russian statehood counts more than eleven centuries and its establishment is much obliged to local self-governance. Starting from the first state formations on the territory of modern Russia (Kiev Rus, Moscow state and others), local self-governance has always been powerful system factor.

Due to its nature local self-governance is a much more complex phenomenon than its formal modern constitutional status. In accordance with the Constitution of Russia local self-governance is confessed as a political institute in the system of sovereignty of the people. But political component is only one manifestation of internal nature of local self-governance.

Local self-governance and its powers occupy central position between the state and society. Thus, this political institute can be defined as mechanism of the conciliation of the interests of society and the state.

Thus, local self-governance shouldn't be considered only as a powerful institute or as an institute of civil society. It harmoniously combines both state and public components, but as a mechanism of co-ordination of interests of society and the state it can also be defined as a factor of cost-performance and state competitiveness growth.

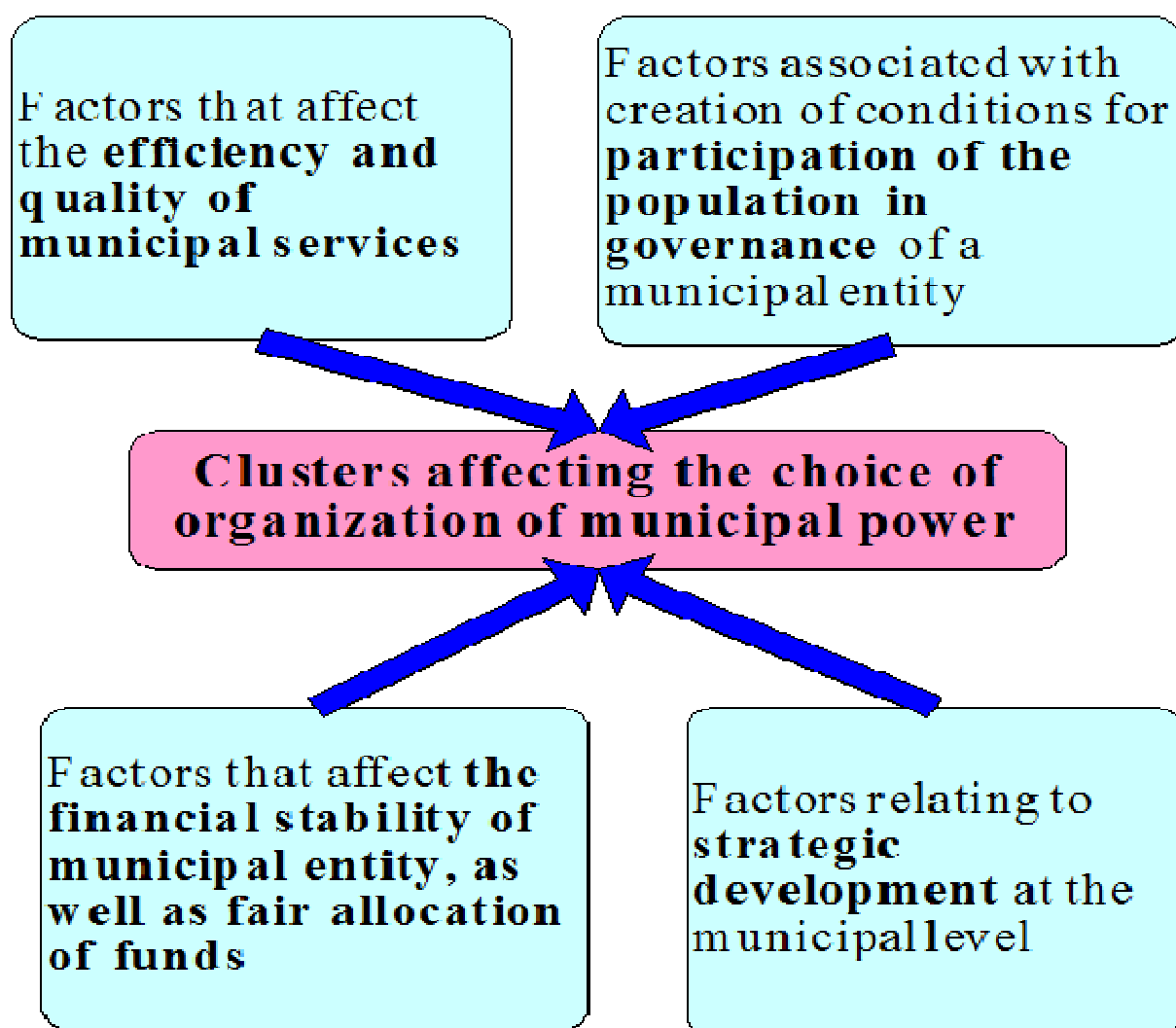
In relations with the state an institute of local self-governance expresses interests of territorial communities. In relations of the state with local communities it, essentially, plays a role of the conductor of states interests, so far as it defends the integrity of social-territorial space and its development. Weakening of one of the above-mentioned components of local self-governance (social or state) leads to imbalance of interests of the state and society which, as a rule, can be resulted in the crisis of the statehood.

Therefore, one of the required conditions for shaping powerful competitive state is existence of political, social and economic mechanisms, providing real co-ordination and realization of interests of the state and local communities.

Debates on territorial organization of municipal power, the models and variants used in this sphere have been a typical phenomenon in many countries in different periods of their existence¹.

In practice, it is generally admitted that there is no single solution to this problem suitable for all times and conditions.

There are different factors affecting the choice of the model, major of them may be grouped into four clusters:



¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005. – P. 14.

Basic Concept of the Reform of Territorial Fundamentals of Local Self-governance

The identification of territorial fundamentals of the institute of local self governance in the Russian Federation has formed a critical reform avenue during the whole period of the rise of local self governance in the country¹.

On different stages of reformation in organizational and legal basis of local self governance the issues of its territorial organization has been solved differently.

- **The first stage** lasted since 1990 to October - December 1993.

At that time, the first laws on local self governance were adopted:

- the USSR law “On general principles of local self governance and local economies in the USSR ” and RSFSR law No.1550-1 of July 6,1991,“On local self governance in RSFSR ”;
- the characteristic feature of that period was an attempt to retain the former system of local administrations by modifying their authority and principles of organization².
- **The second stage** of the rise of the territorial fundamentals of local self governance is believed to cover the period of October - December 1993, prior to adoption of the federal law “On general principles of local self governance in the RF ” in 1995.
- Then Presidential Decree No.1760 of October 26, 1993 “On the reform of local self governance in the RF ” approved the “Provision on principles of organization of local self governance in RF over a period of a gradual constitutional reform ”.

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005. – P. 115.

² Ibid.

- The Provision reflected the settlement principle of the organization of local self governance, under which main territories wherein local self governance was exercised, were urban and rural settlements¹.
- **The 1995 law “On general principles ... ” laid foundation for a new stage** in the development of local self governance. Article 12 of the law specifies that “local self governance is exercised throughout the Russian Federation in urban and rural settlements, and other territories²”.
- The territories of municipal entities – towns, settlements, *stanitsas* (Cossack villages), districts (uyezds), rural okrugs (volosts, rural councils) and other municipal entities – are established in compliance with the federal laws and laws of Subjects of the Russian Federation with account of historical and other local traditions”. As a result, the RF Subjects saw the rise of numerous forms and models of organization of local self governance³.

Scope of Competence of Local Self-governance. Example of Leningrad Region

I. Starodubrovskaya and others admit that laws delegated to municipal entities, both of the district and settlement type, the following powers⁴:

⇒ in the sphere of social protection of the population:

draw up state statistical reports on the social protection issues,

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.

² Ibid. – pp. 117 – 118.

³ Ibid.

⁴ Ibid.

keep records of citizens and collect documents necessary to provide disabled persons with means of transportation;

grant and pay allowances to citizens with children;

grant and pay compensations for harm to the health of participants in the liquidation of the consequences of the Chernobyl nuclear plant catastrophe and to former political prisoners;

distribute preferential permits to sanatoriums and rest houses;

distribution of documents certifying the right for benefits;

in the sphere of health care: organize and render certain types of specialized medical aid to the population;

⇒ in the sphere of education: attest municipal educational institutions with the exception of non state establishments;

⇒ in the sphere of land use planning and control:

approve the decisions taken by the oblast Government with respect to confiscation and distribution of land plots;

settle the borders of territories of urban and rural settlements, volosts, in the composition of municipal entities;

⇒ in the sphere of housing stock management:

take decisions concerning the redesignation of residential houses and premises as nonresidential premises;

in the sphere of archive keeping: maintain, procure, register, and use archive funds and archive documents being in state ownership of the Leningrad oblast, which were situated in the territory of municipal entities;

⇒ in the sphere of state registration of births, marriages, and deaths:

carry out state registration of births, marriages, and deaths, alter, change, restore, and annul entries;

form, control, and maintain the archives of birth, marriages, and deaths registers;

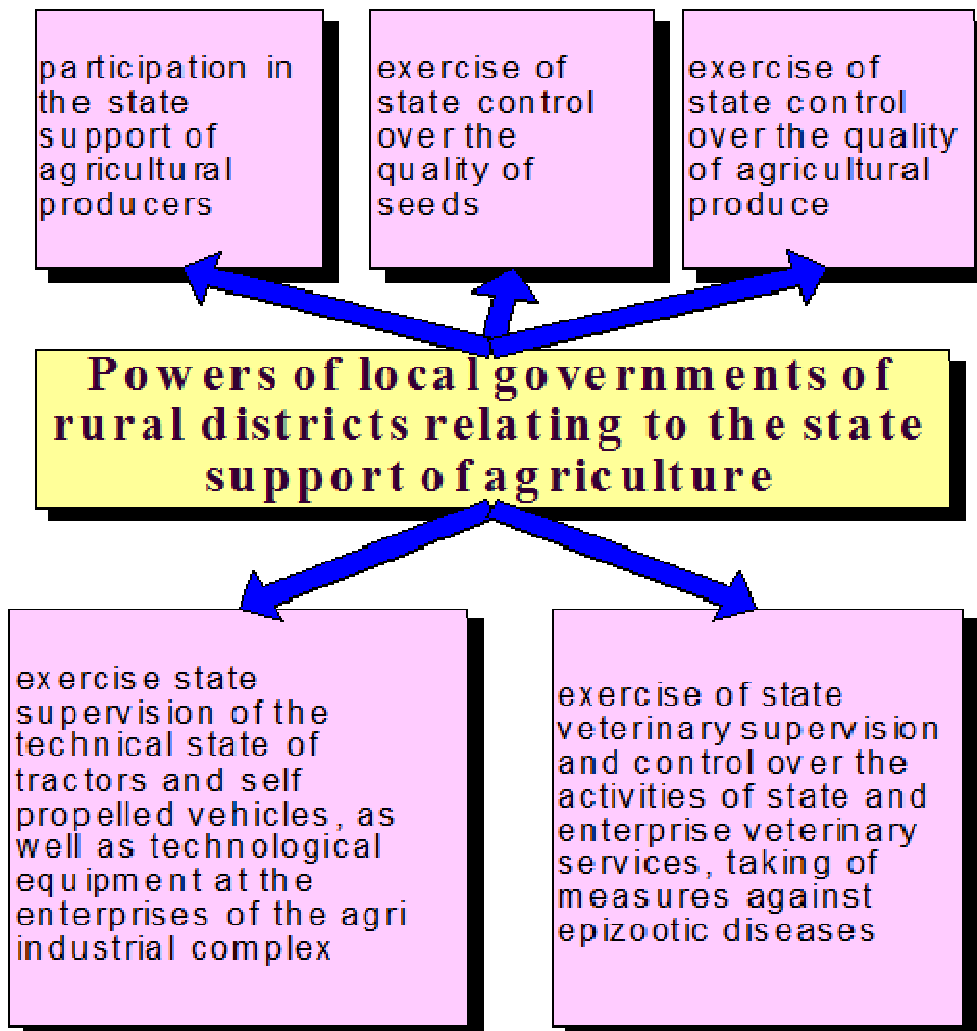
⇒ in the sphere of licensing: license retail trade with alcoholic beverages;

⇒ in the sphere of price control:

regulate prices (tariffs) of funeral and morgue services;

regulate prices (tariffs) of intra town and suburban public conveyance¹.

Besides, the following powers relating to the state support of agriculture were also delegated to local governments of rural districts:



¹Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.

The key provisions of regional laws regulating the activities of local governments, as I. Starodubrskaya and the other pointed out, are as follows¹:

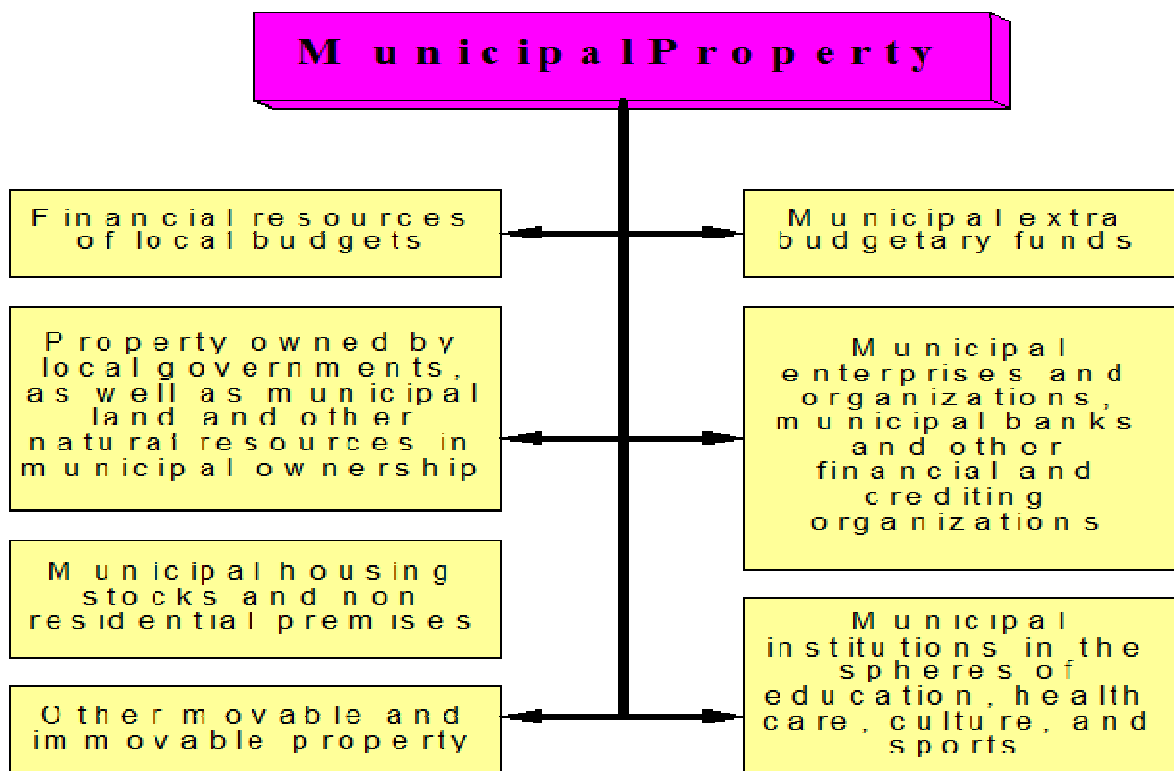
- Local governments should be outside the system of state authorities. This provision was contained in the RF Constitution.
- In accordance with charters of municipal entities, local governments were defined as legal entities.
- Representative bodies should be mandatory components in the structure of local self governance.
- Municipal entities should independently set up the structures of the respective local governments, denominations thereof, the scopes of competence vested in them, the numbers of deputies in the respective representative bodies, etc., what should be stipulated by the charters of municipal entities. Municipalities should also set up the terms of office for representative bodies of local self governance; however, these terms should not exceed five years. In the Novgorod oblast, there was also set the minimum term of office of the representative body of local self governance – 2 years.
- Charters of municipal entities could envisage posts of heads of municipal entities.
- Heads of municipal entities could be elected either by RF citizens residing in the territories of municipal entities on the basis of the universal, equal, and direct suffrage by secret ballot, or by the representative bodies of local self governance from the number of deputies in their compositions.
- Heads of municipal entities could hold the offices of the Heads of administrations of municipal entities, and also could be members of the representative bodies of local governments and chair the meetings held by these bodies.

¹Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.

- Heads of municipal entities should be directly accountable to the population and also to the representative bodies of local self governance.
- The procedures governing the elections, terms, and scopes of competence, official functions, rights and duties of the heads of municipal entities should be set up by charters of municipal entities.
- In accordance with regional laws “On local self governance..,” charters of municipal entities could envisage the establishment of other bodies or elected posts of local self governance¹.

Municipal Property

The federal law of 1995 “On the general principles ...” stipulated that municipal property should consist of:



¹Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.

Territorial Community Based Self-governance (TCG)

Due to the law new form of citizen's governance has been defined. It's TCG.

The TCG was defined as “self organization of citizens at their places of residence in parts of territories of municipal entities for the purposes of independent and responsible exercise of own initiatives as concerns the issues of local importance directly by the population or via bodies of the territorial community based self governance established by the population”¹.

But this form can work effectively very seldom.

New Legislation on Territorial Fundamentals of Local Self-governance

- A large-scale reform provided considerable modifications of mechanisms of functioning of all levels of power, including, particularly, the municipal authorities.
- **The new wording of the 2003 law “On general principles of organization of local self-governance in the Russian Federation” (Law No. 131-FZ) suggests large-scale transformations, which should embrace practically all aspects of municipal entities' functioning, including the territorial and financial fundamentals of local self-governance, powers and functions exercised by municipal authorities,**

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005. – pp. 106 – 107.

forms of realization of local self-governance by the population, the system of local governments, public control over the municipal authorities' operations, etc.¹

- The new law fully became effective since January 1, 2006, while until then individual articles of the law, such as Chapter 12 “Transitional provisions”, had been in effect.

The major reform avenues are as follows:

- Introduction of a **two-tier basic model** of local self-governance nationwide;
- The model will secure the formation of municipal entities at the level of **settlements and municipal districts**;
- In addition provides for establishment of **urban okrugs** – one-tier municipalities that exercise functions of both settlements and districts².

Thus, due to the federal reform of local self-governance redistribution of influence zones between different levels of state authorities have been brought about. **Municipal entity gets the real possibility to control the municipal property, especially municipal lands.**

Problems and Prospects of Local Self-governance

What are political and economic benefits of the local self-governance reform?

- Oleg Sysuev, President of the Congress of Municipalities:
"The settlement model gives us the opportunity to enforce democracy, by leg-

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubovskaya. - M.: IET, 2005. – p. 10.

² Ibid.

islative action, in the most remote locations and forces people to start self-organization process."

- Ilya Trunin, Head of Fiscal Federalism and Subnational Finance Laboratory of the Institute for Transitional Economy: **"The transition to financial and budget independence can become one of the significant advantages of local self-governance reform."**

What are political and economic risks of the local self-governance reform?

- Victor Dorkin, Mayor of the City of Dzerzhinsky: **"The law, in its essence, presents a danger for municipalities, which have gained a lead over the years and achieved certain success. "**
- Aleksei Lavrov, Head of the Budget Department of the Ministry of Finance of the Russian Federation: **"We have to insist on certain measures, especially as far as taxes are concerned."**

Types of Municipal structures

Due to the reform concept we should discuss the next points:

- Assessment of the two-tier model
- Regulation of settlement size
- Allocation of functions in the framework of the two-tier model
- The organization of local authorities in the two-tier model
- Classification and comparative characteristics of different types of municipal structures

Assessment of the Two Tier Model

- It permits to moderate, to some extent, the conflict between the factors facilitating the choice in favor of large or small municipal entities¹.
- The settlement model associated with the existence of municipal entities at the settlement level makes possible to ensure accessibility and accountability of municipal authorities to the population and to adapt services to local needs; while larger structures permit to use economies of scale, mitigate spillover effects, carry out financial equalization, and to create favorable conditions for strategic development².
- At the same time in pursuance of interests of the population of a smaller size entity that forms its territorial component, a larger municipal entity deals with the issues that the former cannot resolve, or which cannot be resolved effectively enough at its level³.

In some cases the two tier model is rather seriously criticized.

- ❖ The two tier system involves additional losses associated with overstaffing of the administrations, inevitable duplication of functions and complications in coordination of activities of the two levels of governance⁴.
- ❖ In the situation where the municipal authorities are formed on both levels of municipal entities on the basis of direct elections, it is highly probable that competition and conflicts may arise between the two levels of municipal authority, what results in inefficiency of decision making mechanisms⁵.

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005. – p. 23.

² Ibid.

³ Ibid.

⁴ Ibid. – pp. 23 – 24.

⁵ Ibid.

❖ This system is not transparent and clear for taxpayers, who are in serious difficulty to make out which level of the local government is responsible for what functions¹.

❖ This system is also not too favorable for businesses, since it facilitates the growth in the number of bureaucratic levels and complexity of the decision making mechanisms, procedures governing the issue of permits, etc.²

Some of specialists believe, the model is primarily suitable for the following specific Russian conditions:

a) large settlement areas,

b) low density of the population,

c) considerable degree of concentration of economy and social sphere in certain “points ” (settlements),

d) insufficient and inadequate routes of communications (roads, communications, etc.)³.

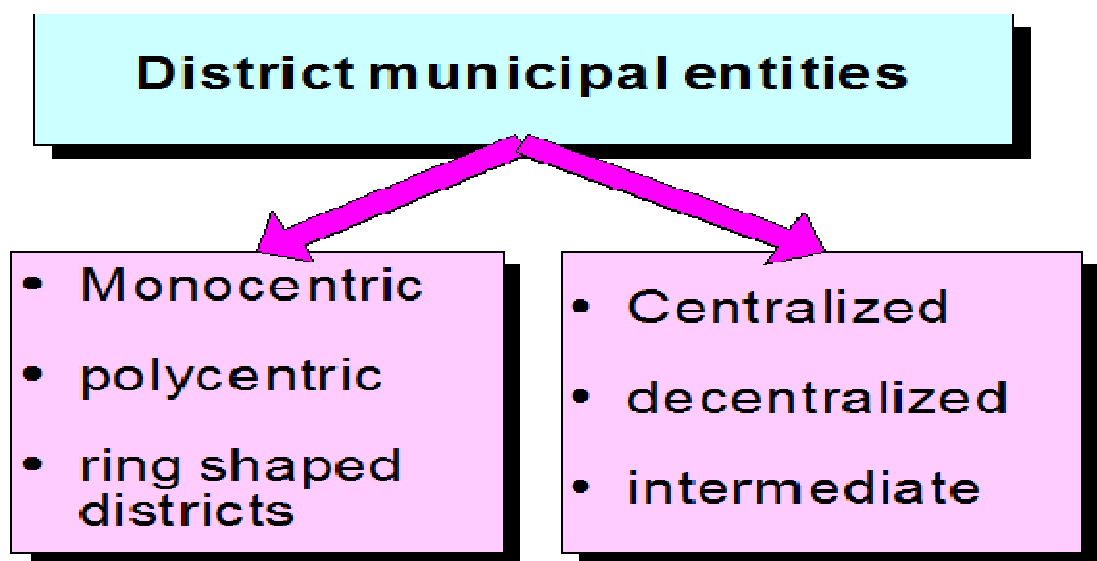
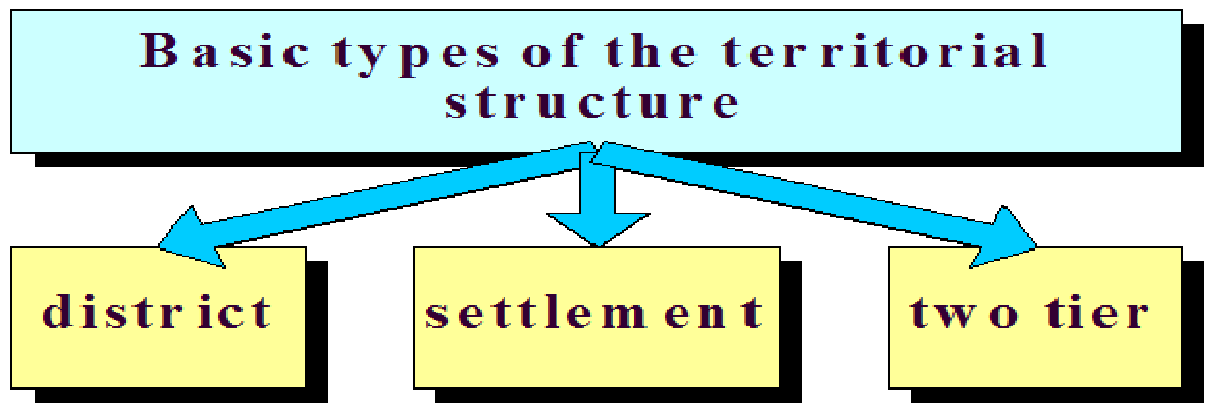
Classification and Comparative Characteristics of Different Types of Municipal Structures

Basic types of the territorial structure are districts, settlements, two tier structures. District municipal entities can be shaped in different ways (monocentric, polycentric, ring shaped; centralized, decentralized etc.).

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005. – pp. 24 -25.

² Ibid.

³ Ibid. – p. 25.



Settlement municipalities

The most significant differences among settlements are related to the following factors:

1. Urban or rural population
2. Territorial organization of settlements
3. Size of the population
4. Economic capacity of the population

Reformation of Leningrad Region and Vyborg Municipal Entity

And now we try to analyze in details certain example of reformation inside one municipal entity – Leningrad region and Vyborg municipal district.

Two tier municipal structure

Leningrad region



As the map shows, before reformation of 2003 – 2006 there were 29 municipal entities in Leningrad region, i.e. 29 districts formatted the only level of self-governance of local municipalities.

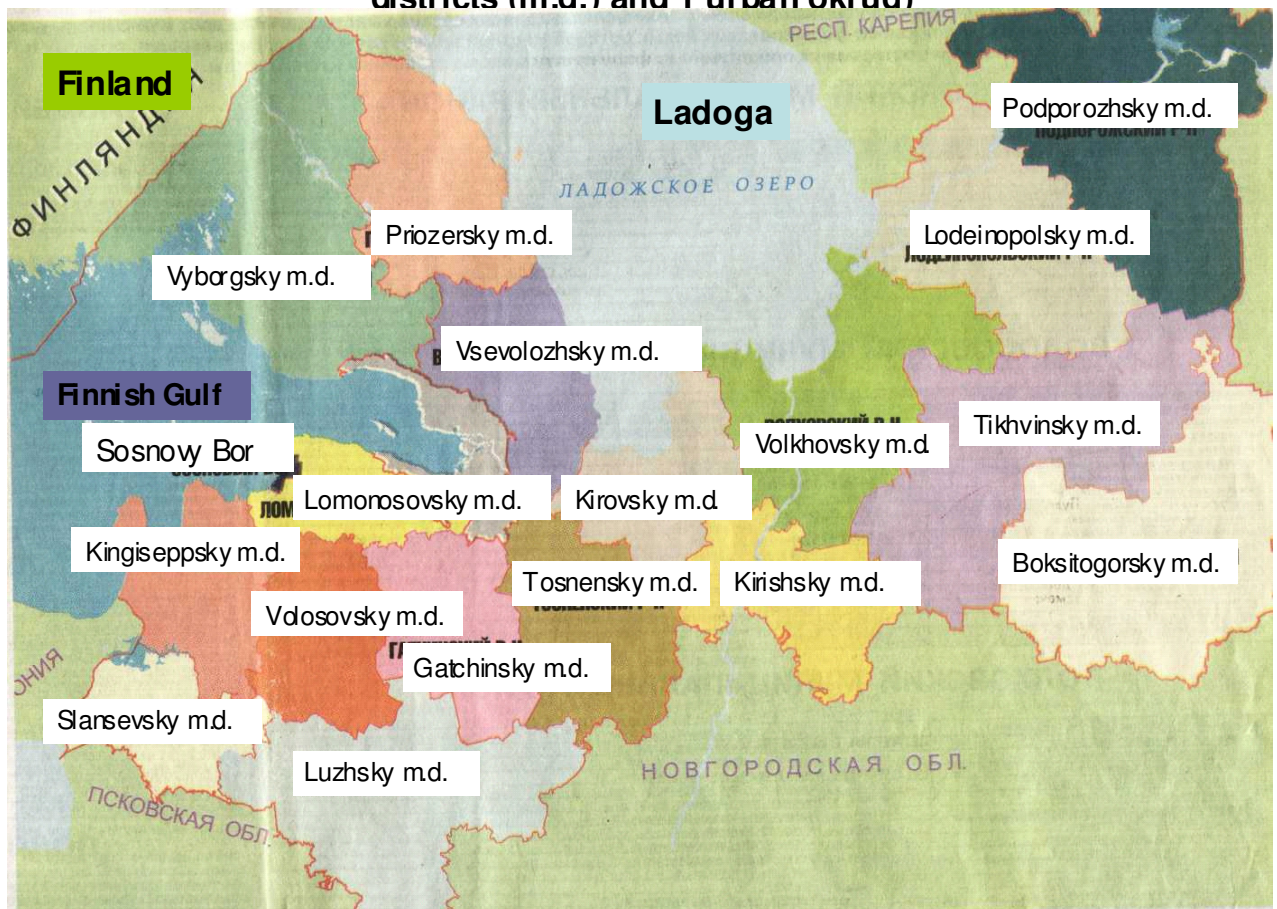
Municipal entities in Leningrad region before 2003 – 2006 reformation

| | |
|-------------------------------|-------------------------------|
| Boksitogorsky district | Volosovsky district |
| Volkhovsky district | Volkhov |
| Vsevolozhsky district | Vyborgsky district |
| Gatchinsky district | Gatchina |
| Ivangorod | Kingiseppsky district |
| Kirishsky district | Kirovsky district |
| Koltushskaya volost | Kommunar |
| Kyznechnoe | Lodeinopolsky district |
| Lomonosovsky district | Luzhsky district |
| Novaya Ladoga | Pikalevo |
| Podporozhsky district | Priozersky district |
| Svetogorsk | Sertolovo |
| Slansevsky district | Sosnovy Bor |
| Tikhvinsky district | Tosnensky district |
| Shlisselburg | |

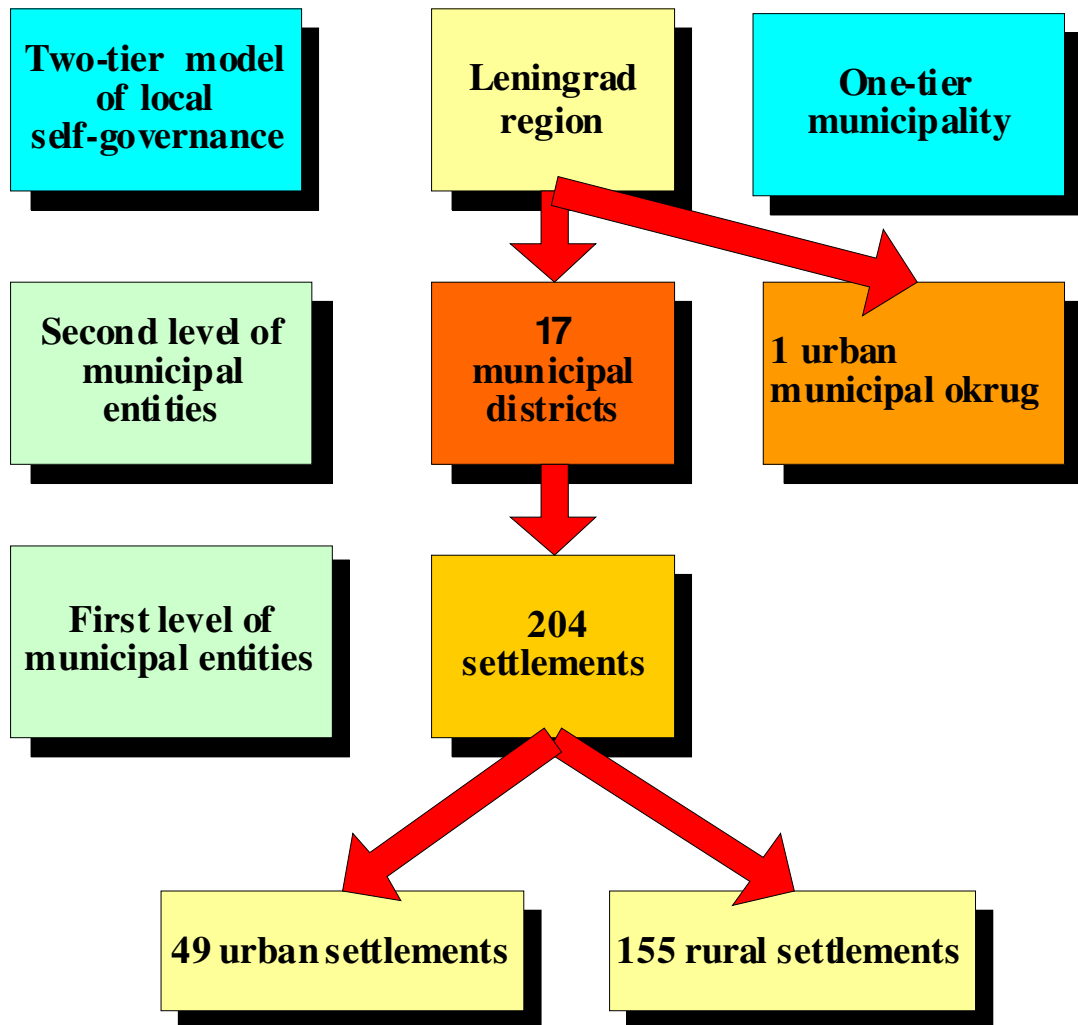
Current structure of Leningrad region municipal entities is shown on the map and pictures below.

So, there are two levels of local municipal entities which have been formed due to the reform concept: 17 municipal districts (plus one municipal okrug). Those 17 districts are divided into 204 settlements (49 urban and 155 rural). And one of the most important, as well as controversial points, is that each settlement is obliged to have its own budget. Though, it's impossible to form sufficient revenues to the great deal of settlements, so their budgets are deficit and they have to get backing from high level budgets.

Current structure of Leningrad region municipal entities (17 municipal districts (m.d.) and 1 urban okrug)



Leningrad region municipal entities: current structure



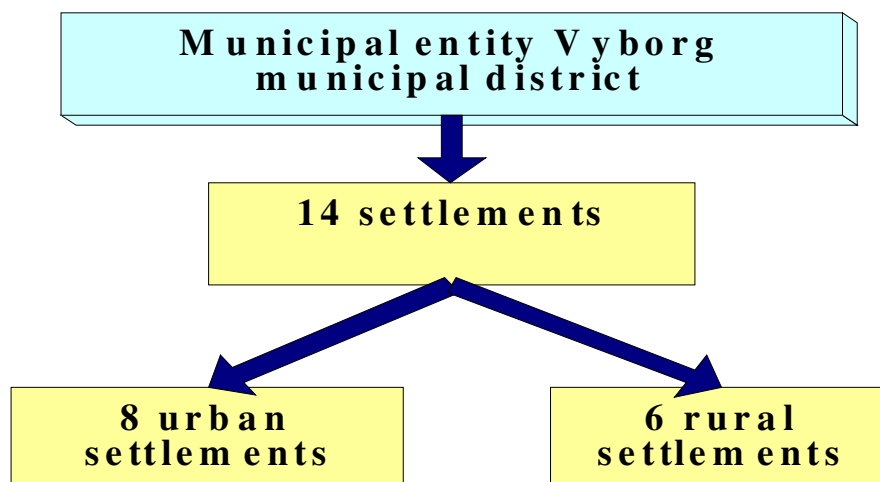
The next scheme presents the structure of Leningrad region local self governance.

Leningrad region local self governance

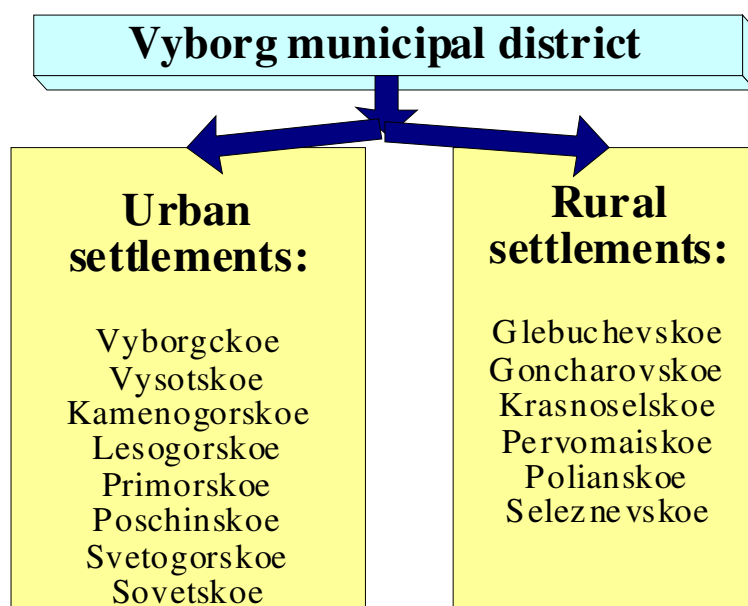
| | | | |
|---|--|---|---|
| Boksitogorsk Urban - 3 Rural - 8 | Volosovo Urban - 1 Rural - 15 | Volkhov Urban - 3 Rural - 12 | Vsevolozhsk Urban - 8 Rural - 12 |
| Vyborg Urban - 8 Rural - 6 | Gatchina Urban - 5 Rural - 11 | Kingisepp Urban - 1 Rural - 9 | Kirishy Urban - 2 Rural - 4 |
| Kirovsk Urban - 8 Rural - 3 | Lodeinoe pole Urban - 2 Rural - 3 | Lomonosov Urban - 2 Rural - 13 | Luga Urban - 2 Rural - 13 |
| Podporozhie Urban - 4 Rural - 1 | Priozersk Urban - 2 Rural - 12 | Slansy Urban - 1 Rural - 6 | Sosnovy Bor |
| | Tikhvin Urban - 1 Rural - 8 | Tosno Urban - 7 Rural - 6 | |

Talking about Vyborg municipal district, it consists of 14 settlements, both urban and rural (see the schemes below).

Structure of Vyborg municipal district



Structure of Vyborg municipal district



Each of the settlement delegates particular number of deputies to the representative body of the district (see the table).

Structure of Vyborg municipal district

| Municipal district | Municipal entity status | Settlement | Number of deputies of the representative body (175 total number) |
|---------------------------|-------------------------|----------------|--|
| Vyborg municipal district | urban settlements | Vyborgckoe | 20 |
| | | Vysotskoe | 10 |
| | | Kamenogorskoe | 15 |
| | | Lesogorskoe | 10 |
| | | Primorskoe | 15 |
| | | Roschinskoe | 15 |
| | | Svetogorskoe | 15 |
| | | Sovetskoe | 10 |
| | rural settlements | Glebuche vskoe | 10 |
| | | Goncharovskoe | 10 |
| | | Krasnoselskoe | 10 |
| | | Pervomaiskoe | 10 |
| | | Polianskoe | 15 |
| | Seleznevskoe | 10 | |

Some Differences Concerning Reformation

- Before 2003 reform Vyborg municipal district consisted of 27 volosts.
- On their base 14 settlements has been formed.
- The greatest difference is in the budgeting sphere:

Before reformation Vyborg municipal district had united budget and every volost worked with its estimate of cost (without own budget);

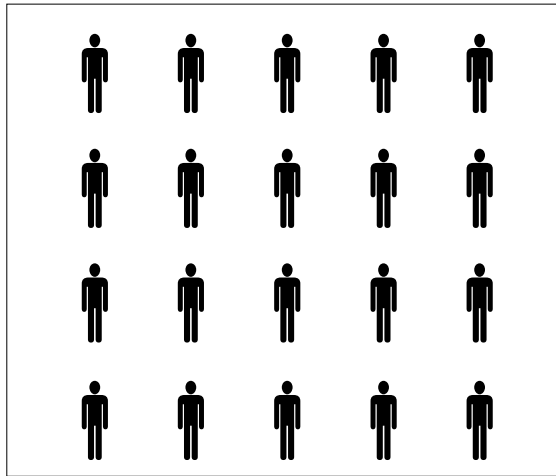
Now every settlement has its budget, and thus revenue sources and expenditures.

- Another point is strict division between representative and executive branches:

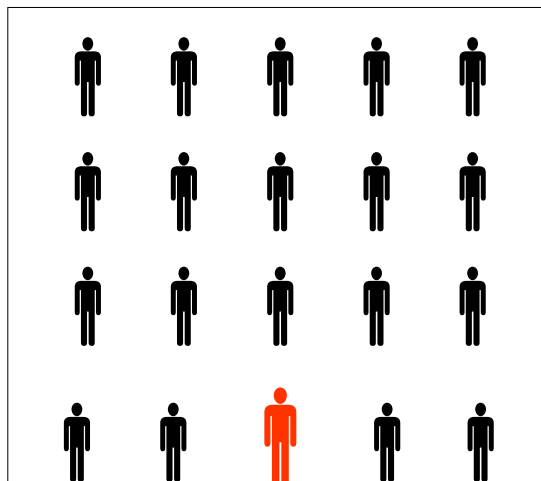
the head of the municipal entity is a head of deputies (representative branch) and it is generally prohibited to combine the position of the head of the municipal entity and the head of the local administration (with the exception of the settlements populated with less than 1000 people).

- One more difference. Before 2003 reformation the head of the municipal entity was elected on the basis of the universal elections. Currently deputies are elected and they choose from their staff head of the municipal entity. The head of the local administration is a manager working on the contract base (see the schemes below).

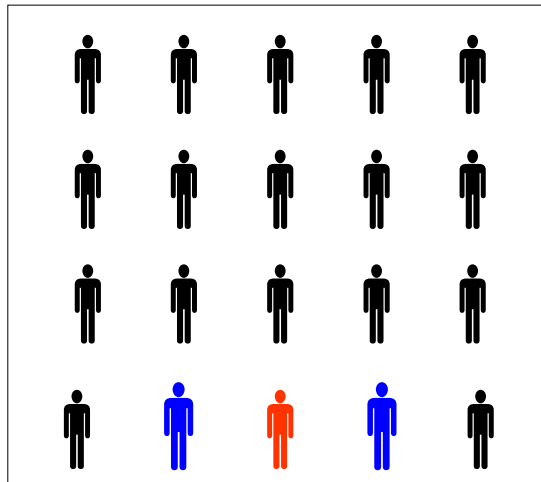
**People elect deputies of the settlement
representative branch**



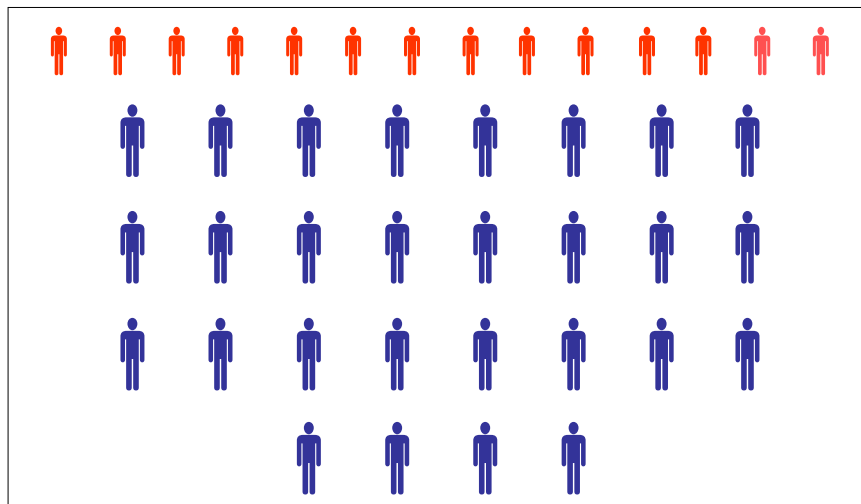
**From their staff deputies elect the head of
the municipal entity**



From their staff deputies elect two deputies to the district meeting



The district meeting of Vyborg municipal district
(representative branch) consists of 42 deputies
(14 heads of the settlements and 28 delegated deputies)



Thus, local self governance body is formed by representative body, the Head, Administration, Controlling body, and others.

Representative Body exceptional competences are, as follows:

- Municipal entity Charter
- Budget
- Local taxes
- Plans and development programmes
- The order of governance and direction of municipal property
- The order of organization of municipal enterprises and tariffs on their services
- The order of participation in inter municipal cooperation
- The order of provision of governing body activity
- Control over decisions of local importance

The Head Of The Municipal Entity is

- elected position
- the highest official
- represents municipal entity
- signs acts accepted by the meeting
- has a right to convene special session of the meeting

Local Administration

is an executive – administrative organ

It is delegated certain powers:

- on questions of local importance - by the Charter
- other state – by the laws of Federation and the Subject

Administration structure

is affirmed by the representative body

Powers delegation

The settlements have right to hand over part of their powers to municipal district.
Municipal district can hand over part of its powers to the settlements.

Necessary Conditions:

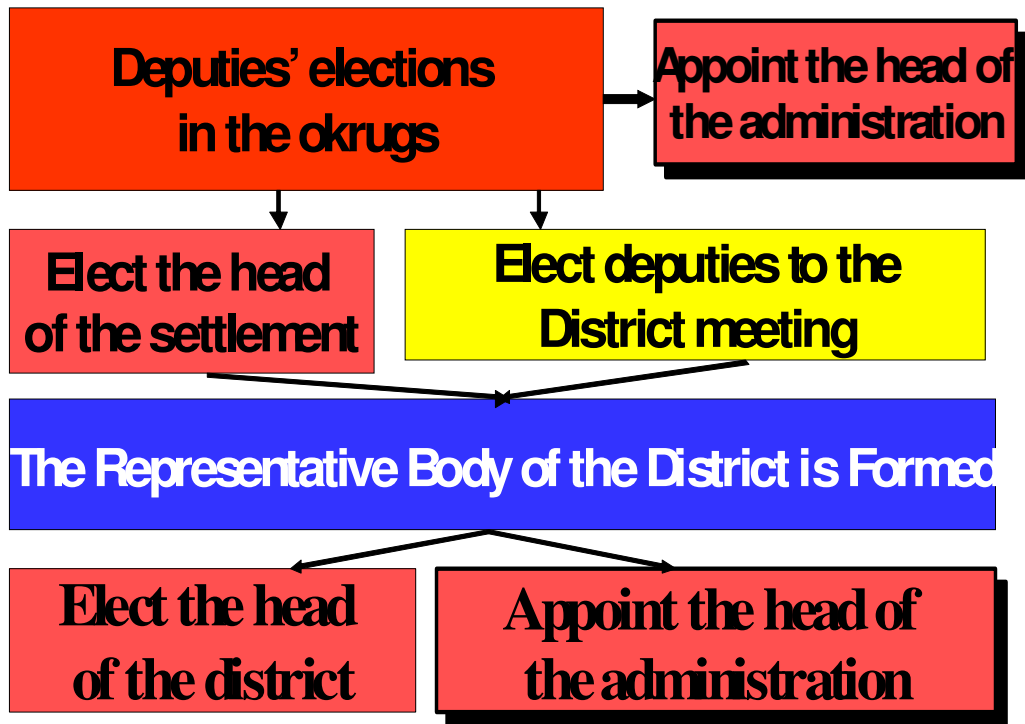
- agreement on the certain period
- subventions from the appropriate budget
- base and order of stoppage
- yearly amount of subvention determination
- financial sanctions

**LOCAL SELF GOVERNANCE BODY
AND OFFICIALS**



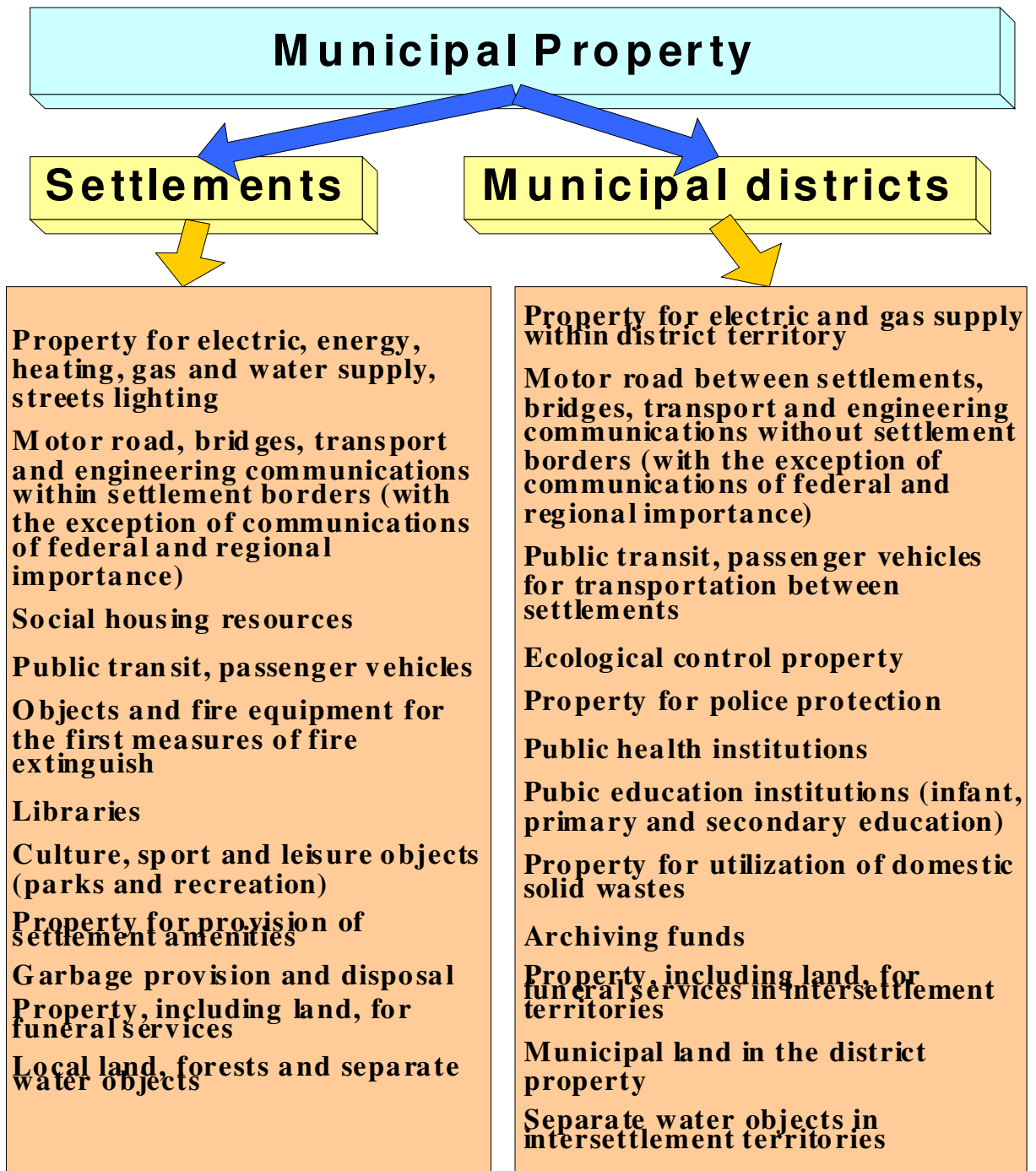
Formation of local self governance body can be described as follows.

Formation of Local Self Governance Body

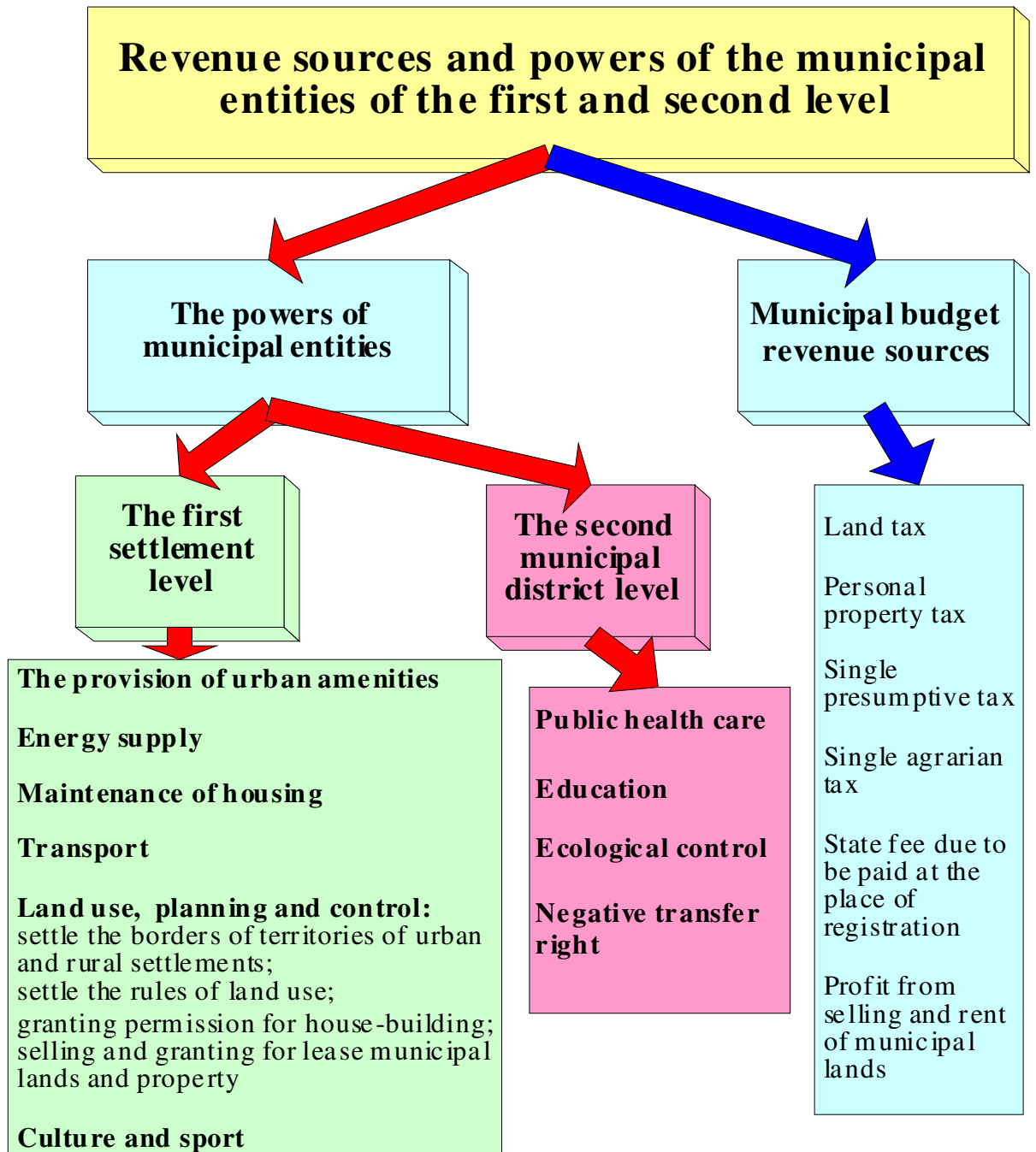


The next point is division of property between settlements and municipal districts.

Municipal Property of settlements and municipal districts



Both municipal district and settlement has certain powers and revenue sources.



New financial mechanism has divided tax revenues between different levels (see the table below).

Castig New Financial Mechanisms: Tax Revenues Assigned to Local Budgets (as %)

| Tax revenues | Contributions to budgets: | | |
|--|---------------------------|---------------------|-------------|
| | urban okrugs | municipal districts | settlements |
| <i>Local taxes and levies</i> | | | |
| Land tax collected in the territories of settlements and urban okrugs | 100 | 0 | 100 |
| Land tax collected in the inter locality territories | 0 | 100 | 0 |
| Personal property tax collected in the territories of settlements and urban okrugs | 100 | 0 | 100 |
| Personal property tax collected in the inter locality territories | 0 | 100 | 0 |
| <i>Federal taxes and levies, including those provided by special tax regimes</i> | | | |
| Personal income tax | 30 | 20 | 10 |
| Single presumptive tax | 90 | 0 | 0 |
| Single agrarian tax | 60 | 30 | 30 |
| State fee due to be paid at the place of registration | 100 | 100 | 0 |

Due to the law, population can participate in local self governance in different ways.

Forms of population participation in local self governance (11 forms)

Local referendum

Municipal elections

Voting on recall, borders changes and transformation

Meetings of citizens

Legislative initiative

Community based self governance

Public hearings

Meeting

Conference

Public opinion poll

Citizens requests to local self governance

Conclusion: the Major Reform Concepts

The fundamental reform concept implies a clear and unequivocal articulation in the law of the structure and responsibilities of municipal entities, identification on this basis their spending powers, and fixing with them, on a regular basis, revenue sources¹.

The major reform concepts are as follows:

- introduction of a two-tier basic model of local self-governance nationwide. This model provides the formation of municipal entities at the level of **settlements and municipal districts**. In addition urban okrugs – one-tier municipalities – can also be established, and they carry out functions of both settlements and districts;
- list of issues of local significance is reduced considerably, while all the municipal entities' powers are divided between the settlement and district levels. Districts are dealing with local issues in inter-locality territories, as well as exercising many key functions in the territory of localities (in particular, those associated with organization of education and health care);
- the legal base of the territorial community-based self-governance is formulated in a greater detail than in its previous version;
- range of requirements to local governments are tightened legislatively. Now every municipality has got a representative body, a head and a local administration; it is generally prohibited to combine the posts of head of the administration and head of the representative body, the number of deputies of the local council is strictly controlled etc.;

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.

- the law limits the list of assets which municipalities are allowed to own; objects that fail to fall under legislatively set restrictions are subject to reprofiling or alienation;
- revenue sources are fixed with municipal entities on a regular basis, principles and mechanisms of granting financial aid to municipalities are rigidly controlled by the federal legislation¹.

Summary

- The new legislation covers practically all aspects of the municipal entity's activities.
- The most radical changes concern the territorial and financial fundamentals of local self-governance.
- However, while the new legislation provides rather uniform regulations of local self-governance throughout the country, an opportunity for taking flexible decisions still exists.
- At the regional level, a new territorial structure of local self-governance emerges and crystallizes the correlation between the two-tier (municipal district-settlement) and one-tier (urban okrug) models.
- The law keeps untouched the possibility to form administrative bodies of municipal districts (on the basis of general elections or settlement representation)

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.

in different ways. The mutual delegation of mandates can affect the distribution of responsibilities between settlement and district levels¹.

- Summing up, not all local self-governance reform elements have been completely identified yet. The new version of the Law “On general principles of organization of local self-governance in the Russian Federation” (131-FZ) was repeatedly amended which mitigated the strictness of its genuine provisions².
- **Reformation has led to several negative results.** First of all, it should be pointed out that local municipalities on settlement level now are obliged to deal with deficit budgets and find sources to complete them. The next disadvantage caused by reformation is growing governing body: number of government officials doubled. Furthermore, it’s still hard to find out highly qualified lawyers, financiers to work in rural entities.
- It also should be pointed out that reformation of local self-governance system has led to the growth of attractiveness of the investments into the local elections, because they give a chance of property repartition to bureaucrats and businessmen.
- However, several risk-factors lowering investments attractiveness also exist. First of all, it’s delay in time of possibility to sell lands and municipal property to municipal entities of the first level (because of delay of delimitation of lands). Second risk-factor is a danger that the Heads of municipal entities of the first level are not mentally ready to take the power on places in their own hands, thus, all the possibilities of the Federal Law cannot be properly realized. Third risk-factor is secretiveness of tax administrations: they don’t provide any information to anybody (including local authorities) about taxes paid currently by enterprises situated within the territory of local entity.

¹ Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.

² Ibid.

- Thus, the process of reformation of local self-governance in Russia can continue further on.

References

1. Китчен, Г. Реструктуризация муниципалитетов: можно ли извлечь уроки из опыта Канады? / Г. Китчен // Тезисы доклада в Институте экономики переходного периода, Москва, 25 сентября 2003 г. // http://www.iet.ru/confer/restr_09_03/RestMunic.pdf
2. Маркварт, Э. Территориальная организация местного самоуправления, или О типах и уровнях / Э. Маркварт // Актуальные вопросы территориальной организации местного самоуправления / Под общ. ред. Э.Маркварта. - М., 2002.
3. Маркварт, Э. Рекомендации по формированию и реформированию территориальных основ местного самоуправления / Э. Маркварт, О. Клименко, И. Стародубровская; Под общ. ред. Маркварта Э. - М., 2004.
4. Маркварт, Э. Рекомендации по формированию экономических и финансовых основ местного самоуправления / Э. Маркварт, О. Савранская, И. Стародубровская; Под общ. ред. Маркварта Э. - М., 2004.
5. Проблемы реформы местного самоуправления: структурные и финансовые аспекты / Рук. авт. колл. И. Стародубровская. – М.: ИЭПП, 2005. – 544 с.
6. Problems of Reforming Local Self-governance: Structural and Financial Aspects / Team leader I. Starodubrovskaya. - M.: IET, 2005.