

Data Sheet

USAID Mission:	Russia
Program Title:	Improved Local Governance and Economic Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0231
Status:	Continuing
Planned FY 2005 Obligation:	\$3,553,000 FSA
Prior Year Unobligated:	\$200,000 FSA
Proposed FY 2006 Obligation:	\$1,520,000 FSA
Year of Initial Obligation:	2002
Estimated Year of Final Obligation:	2012

Summary: USAID's local governance program strengthens local governance and civil society by improving the decision-making skills of local governments; increasing their capacity to develop and manage financial, human, and physical resources; and by increasing their awareness and willingness to operate transparently and in sustained partnership with their communities. USAID's partners work in 47 municipalities involving 28 regions across Russia, including the Volga Federal District (VFD), the Russian Far East (RFE), Tomsk, and a number of regional centers in central and southern parts of Russia.

Inputs, Outputs, Activities:

FY 2005 Program: Support Democratic Local Government and Decentralization (\$1,455,000 FSA). To counter a strong trend toward re-centralization and to foster grassroots support for democratic governance that is responsive to citizens' desires and needs, USAID support will help develop and advocate for federal policies and laws to strengthen institutions of local governance. Assistance will be provided to local administrations to adopt local and regional legislation needed to implement the Law on Local Governance, and to help civil society institutions and communities across Russia adapt to its implementation. The most challenging and promising area of USAID's local governance program will be improvement of the system of social assistance. USAID will participate in development of new models of effective social program administration, better targeting of benefits to those in need, and increased efficiency of service delivery through competitive procurement with local civil society and municipal organizations. Additionally, USAID also will train over 1,500 local, regional, and federal officials and non-government community leaders in the skills and practices of public policy-making and administration. Principal grantee: Institute of Urban Economics (IUE) (prime).

Strengthen Democratic National Governance Institutions (\$788,000 FSA). A USAID-funded Russian think tank will develop and implement various inter-governmental fiscal and budget policy reforms. Those reforms will lead to greater transparency in government budgeting, and thus fewer opportunities for corruption. They will also clarify revenue and expenditure assignments between federal, regional, and local levels and implement performance-oriented budgeting at the federal and regional levels. Technical assistance to four pilot regions and short-term assistance to approximately 45 regions will be provided to rationalize revenue transfers between regional and municipal governments. Principal grantee: Center for Fiscal Policy (prime).

Promote and Support Anti-Corruption Reforms (\$1,310,000 FSA, \$200,000 FSA carryover). USAID will continue its support to four public-private partnerships in Samara, Tomsk, Irkutsk, and Primorskiy regions. USAID will support further collaboration among business community, non-government organization (NGO) representatives, and local authorities in the anti-corruption sphere to improve the investment climate in the regions and awareness of the cost of corruption among the population. USAID will also support a new initiative to assist Russia to combat illegal logging and fight corruption in the forestry sector. Additionally, USAID will develop and jointly implement a new anti-corruption program with the Embassy Public Affairs Section. Principal

contractors: Management Systems International (MSI) (prime), Winrock International, to be determined (TBD).

FY 2006 Program: Support Democratic Local Government and Decentralization (\$1,250,000 FSA). USAID will disseminate management techniques needed to: implement the new Law on Local Governance that will maximize citizen involvement in public decision-making; expand housing and community services policy reform; strengthen the role of civil society organizations in community development and service; and move toward lasting sustainability for the local governance policy institutions that USAID helped establish. It is anticipated that the period of 2006 through 2008 will be one of enormous demand for testing proposed reforms, proposing alternatives, and developing the regulatory structure to make them effective. After the new Law on Local Governance takes effect in 2006, introducing a two-level system of local government, the number of municipal administrations will increase from approximately 12,000 to as many as 35,000. This will greatly increase demand for technical assistance for newly organized administrations and community leaders. Principal grantee: IUE (prime).

Strengthen Democratic National Governance Institutions (\$270,000 FSA). USAID will continue to develop and implement various inter-governmental fiscal policy reforms, though at a reduced level, as the funding from other donors, and cost sharing with regional and federal government beneficiaries increase. Principal grantee: Center for Fiscal Policy.

Performance and Results: Access to affordable housing continues to be one of the top priorities of the Russian population. In 2004, USAID's local governance program, through its implementing partner, the Institute for Urban Economics, aided significantly the development and promotion of federal housing policy. This resulted in the legislature's consideration of 26 federal laws and regulations to improve the housing and mortgage lending systems; 25 of these laws were adopted in 2004. Nine of these laws are already adopted, with the balance anticipated to be in place before the end of 2004. The new laws include national codes covering both housing and urban planning. A new law that clarifies spending responsibilities across all levels of government, as well as draft legislation on credit bureaus and deposit insurance, were developed with USAID assistance. A code of best practices aimed at improving municipal management was developed and provided to municipal associations for further dissemination.

In 2004, Russia's first graduate-level degree program in urban economics was established. This represents a major achievement in the push to institutionalize and disseminate the knowledge developed by USAID's extensive programs in housing, land markets, social services, and local governance. In addition, more than 500 articles on local economic development, social assistance, and the provision of housing and community services were published in local, regional, and national print media. Creation of complex socio-economic strategic plans, with corresponding implementation mechanisms, improved the investment climate of the five participating municipalities. For instance, Dmitrovgrad in Ulyanivskaya oblast attracted \$12 million in foreign housing and utility sector investment after the creation of a transparent mechanism for investors.

Legal assistance to over 1,500 people in Samara and Tomsk was provided during 2004 by lawyers of the local offices of Citizen Advocates. Television stations in Tomsk and Samara broadcast special films on corruption and organized talk-shows on the topic. In 2004, a small grants program to local TV outlets ended, but broadcasts continued using other donors' support and through the TV stations' own efforts. The Samara Partnerships (a CSO) was included in the regional budget and the anti-corruption coalition will be receiving regional funding from 2005 onward.

US Financing in Thousands of Dollars

Russia

118-0231 Improved Local Governance and Economic Development	FSA
Through September 30, 2003	
Obligations	7,457
Expenditures	2,359
Unliquidated	5,098
Fiscal Year 2004	
Obligations	2,934
Expenditures	4,007
Through September 30, 2004	
Obligations	10,391
Expenditures	6,366
Unliquidated	4,025
Prior Year Unobligated Funds	
Obligations	200
Planned Fiscal Year 2005 NOA	
Obligations	3,553
Total Planned Fiscal Year 2005	
Obligations	3,753
Proposed Fiscal Year 2006 NOA	
Obligations	1,520
Future Obligations	0
Est. Total Cost	15,664