

Project Completion Assessment

“CIVIL SOCIETY for TRANSPARENT GOVERNANCE IN THE NORTH-WEST RUSSIA. PREVENTING CONFLICT OF INTEREST IN BUDGET PROCESS” implemented by CISC "Participation" (Pskov, Russia)

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List of people interviewed and those contributed to the project report:

ANTONUYYK Dmitry, project manager (in St.Petersburg city)
PROHOROVA Liudmila, focal point in Karelia Oblast, Petrozavodsk city (in Moscow)
YAKOVLEVA Nina, Chair of Accounts' Chamber in Novgorod Oblast (in Novgorod city)
ROMANOV Alexey, Administration of Novgorod Oblast, Committee on Information Policy,
Assistant to the Chair (in Novgorod city)
KOSTENKO Nina, NGO “Foundation for Support to NGO projects” (in Novgorod city)
VERHODANOV Igor, Administration of Novgorod Oblast, Committee on information policy
(in Novgorod city)

Project site visited:
Novgorod city

The implementation experience: Was the project carried out as planned? Were there significant changes? Did they affect the outcome materially?

Dmitry Antonuyuk acknowledged that there were changes in time line (time shift) and composition of participants, because reality differed from the initial presumptions. The final (changed) dates of events were agreed with partners and key participants. The change in time was introduced in order for project events not to coincide with federal Presidential elections, change of Novgorod Governor, etc. On the difficulties side, in Novgorod there were plans to involve more people than was involved: 1 representative per CSO group (human rights organizations, etc.), as recommended by the Public Chamber of Novgorod. Information/educational seminars could be more popular if NGOs would have been involved in the budget analysis. The seminars did not aim to provide training of personal skills of concrete people. However, in the future, it would be better to organize trainings for concrete people. The said changes did not affect the final outcome.

Ludmila Prohorova also noted among the difficulties the unfortunate timing – coinciding with Presidential elections, when all activities were frozen. Another unfortunate timing (shortly before the New Year) was for the final Pskov conference. Journalists, which were initially in the target group for interviews and invited to events, were very uninformed about the issue.

Nina Yakovleva stated that she only took part in one event – conference in Novgorod in the end of 2007. She liked the event a lot and stayed till the end (not a usual practice among decision-makers), although it was a week-end day. At the conference a quality budget analysis was presented.

Alexey Romanov stated that the project was held in Novgorod at a good level. His function in the project was expert, he provided contacts in the region (regional Committee on Economy, Committee in Finance, Committee on Management of State and Municipal Property, etc. at the level of heads and deputy head of committees¹) and budget analysis.

Nina Kostenko participated in the seminar in Novgorod and in Pskov conference. The organization of events could be qualified as “good” and “excellent” taking into consideration hand-outs and participants from all 3 sectors (authorities, NGOs and business). One of the benefits was the partnership contacts established between the Novgorod NGO Resource Center, Pskov and Karelian NGOs. There is little awareness about the budget transparency issue among NGOs. When talking about information awareness, a constant information flow should be assured. Nina Kostenko is a member of the Public Chamber of Novgorod Oblast and Commission on Administrative Reform (the only NGO-member, others are civil servants).

The impact: What did the project accomplish? Did it have any measurable impact on corruption in the country? Is this impact likely to be sustainable? Was any measurement of the impact undertaken? Has there been any follow-up or is any follow up planned? Was there real value added?

According to **Dmitry Antonuyuk**, it is impossible to quantitatively measure the impact (i.e. percentage of corruption decrease as a result of the project). Of the 3 project regions, the best results came out in Novgorod, then Karelia and, finally, Pskov. Budget in Novgorod was considered as a technical issue, belonging to the competencies of specialized state bodies. Public finances in general have not been considered as public sphere. In Dmitry’s opinion, the public hearings in Novgorod (which take place for over a decade) is a very ineffective form of public participation and a very effective form of “public therapy”, as well as an opportunity to meet the Governor, raise issues. Not a single person in Novgorod (out of 15-20 NGO people, entrepreneurs, civil servants, municipal servants who were interviewed within the project) said that an issue was resolved due to budget hearings.

According to **Luydmila Prohorova**, the key result was that the basic model questionnaire on budget transparency as developed by St.Petersburg Center “Strategy” was adapted to the contemporary changes in the federal legislation, the Budget Code and the budget process. The contemporary legislation sets budget hearing at the regional and municipal levels and, therefore, there is a different (more positive) attitude to the matter from the part of authorities. The public has to take this new right with greater responsibility. A new comprehensive educational program on budget hearings for civil society organizations is necessary.

The Public hearings in Novgorod Oblast is not the same as budget hearings, which do not exist. For public hearings, up to 500-600 persons may gather in Novgorod city for regular meetings with Governor (all municipal deputies, all willing NGOs). Public hearings (unlike budget hearings) are not part of a budget process.

The main project impact is that the Accounts Chamber will put forward amendments to regional legislation, based on project recommendations. The new composition of the Public Chamber will start working on budget issues through one of its specialized commissions.

¹ Committees at the level of Russia’s regions are equivalent to federal ministries. At present there are 86 regions in Russia, each quite different in terms of political and socio-economic environment.

According to the Law on Public Chamber, the Public Chamber has the right to undertake public expertise of all legislative acts (including the Law on Budget).
The issue of public participation in budget is new.

In Karelia Republic the project involved those NGOs that were previously not involved in St.Petersburg Center “Strategy” 's “transparent budget” project. Ministry of Finance and Ministry of Economy were informed about the project, but, according to **Dmitry**, did not have a clue on budget transparency. These public officials considered all budget issues as academic and said that they regularly involve think-tanks. As a result of the project, advocacy groups will be formed, which will participate in the budget process. According to **Ludmila**, as a result of discussions, the officials from the Karelian Ministry of Finance learnt about the importance civic education and agreed to approve budget funding for civic education (on advancing norms and rules of life in a democratic state).

In Pskov Oblast the history of this issue is the longest and NGOs are already well informed and well aware, therefore they were not invited to educational events, but rather interviewed. The internal logic of political development in Pskov Oblast led to the fact that the present Governor (as federal MP and supported regional parliament Opposition) had for a long time been in opposition to the previous Governor. When the present Governor Mr. Kuznetsov came in power in 2003, it happened that all the executive and legislative powers and resources shifted to the side of the Governor. He re-formatted the budget both in terms of budget process technology and priorities of the budget policy. For example, he stopped funding the issues that could not provide return, including social infrastructure, and concentrated on economic infrastructure. The budget process stopped to be a competitive process, but is totally formed by the Governor. Even regional MPs get the budget on the day of voting. The regional Law on budget process exists, but is not observed in terms of timing. The final project publication with cover letters will be sent to Accounts Chambers and Prosecutor's offices in all project regions directing their attention to violations of regional legislation, including the mentions violation in Pskov Oblast.

Nina Yakovleva's opinion is that the project was bit too narrow and touched upon only one aspect of the budget process – “openness of the budget process”. The public cannot considerably decrease corruption, it should be professionals who take care of this – specialized state structures, like Prosecutor's office, Accounts Chamber. The public cannot possess the full information, because there is a lot of confidential and official information which cannot be disclosed. The public may only monitor the key parameters (and its very important to engage the public!) which are reflected in reports of the state controlling authorities. The conclusion of this project is that the budget of Novgorod Oblast is sufficiently open. The final project recommendations will be put forward by the Accounts Chamber to the Legislative Assembly as amendments to the current legislation via regional MPs or Governor as the Chamber does not have the right of legislative initiative.

Alexey Romanov stated that some of the project results is the work of regional Administration on administrative

Nina Kostenko stated that she will continue cooperation with the Karelian focal point Ludmila Prohorova. The key project output is interregional NGO partnerships and cooperation. The Pskov final conference results were included in the annual Report of the Public Chamber on the State of Civil Society. Certain NGOs do monitoring of the budget programs in their thematic

sector with primary interest of (1) obtaining budget funding (state order) and through this (2) controlling the execution of budget.

Institutional development: Did the project help to grantee to enhance its capacity to carry out anti-corruption programs? Did the PTF grant enable the organization to do things that would otherwise not have been possible?

«Uchastie» as a legal person will be closed and a new organization will be opened on its place. The new organization will be concentrated not on advocacy and service support to NGOs (resource center), but will be a politically neutral think-tank. The project helped “Uchastie” to advance to the new stage of its development (lifecycle). The project supported the existing long-term contacts with organizations and experts. Without this project it would not have been possible to actively engage with the financial authorities.

Financial Management: Were proper financial records maintained? Were the funds spent for the purposes intended? Are the grantee’s accounts subject to a proper audit?

All papers are kept in Pskov and available for inspection. Accountant provided all the necessary reports to the Russian financial authorities. The foreign currency account (USD) was closed upon project completion.

Dissemination: What steps were taken by the grantee to disseminate the results of the project? Were all the key documents posted on their website?

1. Documents will be placed on web-site pskov.org.ru/openbudget
2. Final project recommendations were emailed to all project participants, including to all those who were interviewed.
3. The final project publication with cover letters will be sent to Accounts Chambers and Prosecutor's offices in all project regions directing their attention to violations of regional legislation.
4. All project activities were covered by news releases through own information agency NOTA BENE.
5. Journalists were invited to all project events.
6. The information about the project and its recommendations were included in the annual report of the Russian Public Chamber on the state of civil society.

Links to other CSO driven anti-corruption initiatives: Were there any?

The final project outcomes will be sent and used in all 7-8 regions where St.Petersburg Center “Strategy” executed its project “transparent budget”. Thus, the existing network of NGOs working on budget transparency was supported.

A similar project (development of public participation in the budget process) was executed by NGO “Lake Peipus Project” in Pskov Oblast and in Leningrad Oblast in parallel, which was supported by the European Commission. Peipus Project participated in the PTF project events and suggested working together. Thus, joint brochures “Budget process in Pskov Oblast: First steps” and “Budget Process in Leningrad Oblast: First Steps” were printed. The work with financial authorities in Pskov was also coordinated between the 2 projects. Those documents that Dmitri could not obtain for analysis of budget process through formal request to Governor were obtained from the EC project.

CONCLUSION:

The project had a sufficiently substantial and sustainable impact on decreasing corruption. The project outcomes markedly differ in the 3 project regions, thus reflecting the overall picture in Russia. At present there are 86 regions in Russia, each quite different in terms of political and socio-economic environment. The best results were obtained in Novgorod Oblast, then in Karelia Republic and finally modest results in Pskov Oblast.

Overall the key results outlined by the people interviewed, namely:

- The Accounts Chamber will put forward amendments to regional legislation, based on project recommendations.
- The new composition of the Public Chamber in Novgorod Oblast will start working on budget issues through one of its specialized commissions.
- The final project publication with cover letters will be sent to Accounts Chambers and Prosecutor's offices in all project regions directing their attention to violations of regional legislation, including the mentions violation in Pskov Oblast.
- Lasting contacts on budget issues were established among NGOs from the 3 project regions and among NGOs and authorities in 2 project regions.

Information dissemination strategy was diversified (through own information agency, web-site, local journalists, direct emails, federal publications, etc.) and well-planned. Cross-fertilizing contacts with similar initiatives were established.

On the limitations side, I should mention not the best timing chosen for some project activities (partly due to external factors, like federal elections) and political climate in Pskov Oblast. On the institutional development, it remains to be seen in at least 1-year perspective how NGO “Uchastie” will develop into a new type of organization.

My understanding of corruption is the decision-making or abstention from decision-making by those in power that affects distribution of public resources and make it possible in the personal interests of one or more persons. Thus, if we take public resources as financial resources or those that may be quantified in financial terms, the issue of “budget transparency/openness” is a good entry point to fighting corruption by means of civil society. It would be impossible for CSOs to tackle the “corruption” issue upfront and expect good collaboration from the part of public officials.