

Data Sheet

USAID Mission:	Russia
Program Title:	Improved Local Governance and Economic Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	118-0231
Proposed FY 2004 Obligation:	\$2,650,000 FSA
Prior Year Unobligated:	\$85,000 FSA
Proposed FY 2005 Obligation:	\$910,000 FSA
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2005

Summary: USAID's local governance activities strengthen local self-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 increasing their awareness and willingness to operate transparently and in sustained partnership with their communities. USAID's partners work in 41 municipalities in 24 regions across the country, including the Volga Federal District (VFD), the Russian Far East (RFE), Yevreyskiy autonomous region, Tomsk, Ryazan, Kaluga, Krasnoyarsk, Belgorod regions, Moscow, and St. Petersburg.

Inputs, Outputs, Activities:

FY 2004 Program:

Local Governance (\$2,340,000 FSA). In 2002-2003, Russia undertook a major review of all aspects of delineation of authority among levels of government in Russia. This triggered a national debate, the results of which may threaten the development of democracy and the environment for civil society in Russia for years to come. The first challenge is a new Law on Local Self-Governance that tends to recentralize power and is to come into effect in 2006. How the reforms actually get implemented, and their impact on municipalities, is an area of great concern as well as the source of increasing requests for USAID assistance. In particular, it is anticipated that the period of mid-2004 through 2005 will be one of enormous demand for testing proposed reforms, proposing alternatives and developing the regulatory structure to make them effective. To meet those challenges USAID will support local governance advocacy civil society organizations (CSOs) to be in the most-responsive position during this critical period. In addition, USAID will further expand these activities in the RFE.

To counter a strong trend toward re-centralization, USAID will help develop federal policies and laws that directly or indirectly strengthen institutions of local self-governance. Assistance will be provided to adopt and test local and regional legislation affected by the newly adopted law and analyze the consequences of the law for civil society institutions and community development overall.

USAID will fund replication of proven effective models of social and economic development for four types of municipalities: a large urban center, a small city, a rural settlement, and a mono-industrial area. Another area of USAID's local governance program is improvement of the system of social assistance. USAID is developing new models for local governments to better target assistance to those who are truly in need, to administer social programs more effectively, and to increase the efficiency of service delivery by contracting with local CSOs through competitive procurement mechanisms. Strengthening of grassroots CSOs, including social service providers, remains a priority for the program. Additionally, USAID will support the increase of decision-making capacities of local governments in public finance through effective budget planning tools, open budget-planning hearings and other public fora on budgetary decisions. USAID will implement and institutionalize a long-term public policy training program for officials responsible for federal and local economic and social reforms. USAID will train over 1,200 local, regional and federal officials and CSO leaders with skills and practices of public policy-making and administration. Principal contractor: The Institute of Urban Economics (IUE) (prime.)

Program Support (\$310,000 FSA, \$84,529 FSA carryover). These funds will cover training, evaluations, studies, and related program management costs.

FY 2005 Program:

Local Governance (\$700,000 FSA). USAID intends to support IUE's institutionalization as a self-sustaining think tank and a coordinating body that will serve local governments, CSOs, donor organizations and the business community after the end of USAID funding.

USAID intends to continue developing, testing and disseminating management techniques related to the enforcement of the new Law on Local Self-Governance. It plans to continue assisting municipalities and regions in making fiscal policies more open, consistent and predictable, while disseminating examples of best practices in social reforms to more regions and municipalities in Russia. USAID's objective is to institutionalize the comprehensive public policy training program with the goal of achieving full "Russianization" and sustainability by the end of the program. It is expected that the RFE will continue to be an area of increased focus.

Program Support (\$210,000 FSA.) These funds will cover training, evaluations, studies, and related program management costs.

Performance and Results: USAID, through its implementing partner IUE, initiated and played a significant role in a national-level public dialogue about proposed political and fiscal reforms. During the course of this dialogue, local community leaders, mayors and the media, actively participated in what had largely been a closed federal-level conversation. Their participation changed the nature and direction of the debate, and lower-level interests were considered more fully. Nine federal laws and regulations improving the system of housing and utility services, targeted social assistance, housing allowances, and mortgage lending have been adopted with the technical assistance of USAID.

The Code of Best Practices in Municipal Finance representing advanced instruments of public finance management was developed, widely discussed and disseminated. The system of performance management demonstrating public participation in the budget process was developed and tested in two municipalities. Over 1,400 local, regional and federal administrators were trained through eight municipal training courses, provided by USAID partners and municipal association. Fourteen demonstration projects testing housing, communal and social reform models, improving service delivery, and stimulating economic growth and public participation were disseminated to municipalities across Russia. IUE has developed an innovative welfare-to-work program that targets social support and comprehensive assistance to households suffering from unemployment in the city of Perm. The regional administration has taken this model as their own, and is now ready for planned duplication in other municipalities in the region. A method of monitoring budget expenditures that helps municipalities to monitor the progress of municipal program implementation and the quality of public services, taking into account the customers' opinion, was developed and utilized by two municipalities monitoring expenditures for urban land improvements and juvenile crime prevention.

USAID expects that by program completion, local governments will be less dependent upon the regional and federal governments, and more responsive and accountable to their constituencies, while communities will be demonstrating higher levels of satisfaction with services provided by municipalities.