



THE BATTLE AGAINST CORRUPTION AT MUNICIPAL LEVEL

using the example of the City of Otradnyj in the Samara region
(Russian Federation)

The battle against corruption is an important topic in Russia. Its success depends largely on the extent to which the principle of “good governance” can be implemented in everyday administrative practice. The state capital Stuttgart carried out a pilot project at the City of Otradnyj. The project resulted in the introduction of tools to increase service quality and to reduce the risks of corruption.



“The project is very important for the development of partnerships between Samara and Stuttgart.”

*Victor F. Sazonov,
Chairman of the Duma
for the Samara region*

Problem area

City administration and citizens primarily interact where services are provided. These are set out in the shape of administrative regulations, which serve the role not just of requirements for administration but also as aids/guidelines for the customers. In practice, however, the administrative regulations often do not reflect the actual

administrative process in city administration. They are rarely subjected to a critical analysis, such as regarding corruption risks. In addition, neither citizens nor council employees tend to be aware of the principle of “good governance”.

State and municipal administration in Russia currently faces the following challenges: reducing corruption and bureaucracy and as a result obstacles for the economy and ensuring a working physical and social public infrastructure. These challenges require an integrated systematic approach, i.e. a coordinated system of measures to increase the effectiveness of administrative processes not only with regard to combating corruption. The project “Development of an effective system to combat corruption at municipal level” was based on this approach and carried out at Otradnyj Urban District as a model for the Samara region (Russian Federation).



“In addition to bureaucracy, corruption is viewed as the biggest challenge to investments in Russia, and combating it as a strategic objective.”

*Manfred Blumenschein,
Director of the Auditing Office at
the state capital Stuttgart*

Project background

The project is based on the long-standing city partnership, which has existed between Stuttgart and Samara since 1992. In 2010, the state capital Stuttgart and the Duma for the Samara region concluded an agreement to cooperate in order to prevent and combat corruption. The same year, the president of the Duma for the Samara region launched a project together with the University of Samara, the University of Ludwigsburg and the P.A. Stolypin Volga Institute for Administration Saratov as well as the auditing office of the City of Stuttgart to research the legal and sociocultural principles of corruption in Germany and Russia. The findings of this research were implemented in practice 2014 at the City of Otradnyj with the aim of developing an effective system to combat corruption.

Otradnyj Urban District has long been a forerunner in terms of modernising its administration with its Multifunctional Centre (Citizen Office), which provides municipal citizen services from one source both on site and online (e-Government). As a result, a next step in the consistent modernisation activities of the City of Otradnyj is to develop an effective system to protect such services against corruption, which according to the Duma are to act as models for the other municipalities of the Samara region. The Stuttgart auditing office was responsible for overall project management. The P.A. Stolypin Volga Institute for Administration Saratov was in charge of project work at the site. The institute trains young state and municipality employees in Russia and carries out scientific research in this area – including with foreign partners.

Project framework

The aim of the project was to improve the system to combat corruption at the City of Otradnyj according to “good governance” by optimising administrative processes. Clear and unambiguous administrative processes result in greater satisfaction regarding services and greater trust in municipal civil servants. This in turn has a positive effect on the image of municipal administration. As part of the project,

- it was analysed which standard measures to prevent and combat corruption in the city’s administration have already been implemented,
- a target-actual analysis of selected administrative processes was performed and, based on this,
- measures to improve these processes incl. the relevant training of city civil servants on how to combat corruption were developed.

International standard measures to combat corruption

As a first phase of the project, the administration of the City of Otradnyj was evaluated based on a checklist¹ to identify which Russian and German standards to prevent and combat corruption have already been implemented in this city.

The standard measures analysed included:

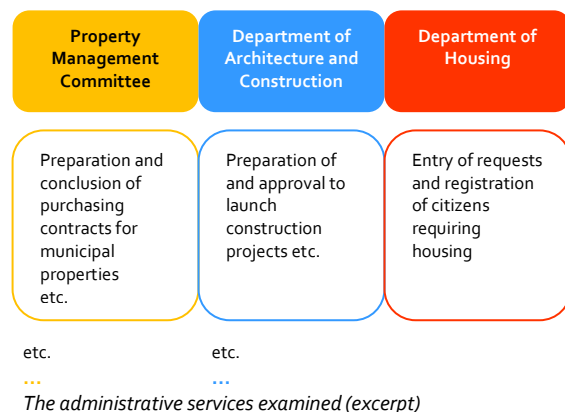
- Anti-corruption officer
- Whistleblowing system
- Process for dealing with leads indicating corruption
- Publication online of the city’s anti-corruption measures
- Code of ethics
- Special checks of applicants for roles particularly at risk of corruption
- Disclosure of potential conflicts of interest
- Employee training
- Rules regarding accepting gifts
- Rules regarding secondary employment and subsequent activities
- Rules regarding donations and sponsoring
- Separation of duties
- Internal audit.

¹Appendix II of the Final Report of the German-Russian project “Development of an effective system to combat corruption at municipal level” at www.stuttgart.de/rechnungspruefungsamt (Good Governance - projects with Russia)

The findings of the evaluation showed that Otradnyj already fulfils significant basic requirements to systematically prevent and combat corruption with these standard measures.

Analysis of selected pilot services

This first evaluation of already implemented standard measures was followed by a second project phase in which selected services underwent a detailed analysis involving a target-actual comparison.



The Directory of Administrative Services of the City of Otradnyj (current directory available at www.otradny.org) was used to choose nine individual services to be examined, which were performed by the Committee for Property Management, the Department of Architecture and Construction and the Department of Housing (see presentation above). The following criteria were applied to the selection:

- Demand of clients (citizens, companies) for the services based on case statistics,
- Potential risk of corruption based on own estimate.

Method for investigating the organisation

Traditional system analysis was the method used to investigate the organisation, involving document analysis, surveys, task descriptions as well as a presentation of processes using a flowchart.

Administrative processes



Investigation of the organisation

Data sources	Techniques for collecting data	Documentation of findings
Documents	Document analysis	Task description
Administrative staff	Surveys	Workflows
Citizens	Interviews	Implementation concept
Companies	Workshops	Report of findings

Methods for investigating the organisation

TARGET concept

The first step of system analysis comprised a description of the target state for the selected municipal administrative processes. The focus was on determining the legal requirements regarding official authorisations, rights, duties and regarding the responsibility of the authorities and the description of the framework conditions.

The administrative processes were examined from a legal perspective in terms of preventing corruption, and the following maxims were assumed:

- no involvement of the applicant in administrative processes,
- intensification of electronic communication between the authorities and use of electronic processes along the entire administrative processes (workflows)
- separation of duties between the front office (Multifunctional Centre) with contact with citizens and the back office (department) without or with only very little contact with citizens and, if applicable, within the back office involving several process officers,
- multi-eye principle for making decisions,
- fixed, specified processing periods,
- complete and unambiguous definition of the different components of administrative processes and of the criteria for administrative decisions,
- transparency regarding the individual administrative processes and the criteria for making decisions.

The comprehensive identification of the legal requirements governing the individual services served the purpose of updating the administrative requirements according to a consistent system and of clearly defining the responsibilities of the federal, regional and municipal levels.

Preparation and conclusion of purchasing contracts for municipal properties

<i>Administrative unit responsible</i>	Asset Management Department
<i>Objective</i>	Transfer of a municipal property to the applicant's ownership
<i>Strategic guideline</i>	Ensuring that the applicant's needs are met, efficiency increase of municipal land use, issue of legal documents for a property, proceeds for local budget
<i>Recipient of services</i>	Natural and legal persons
<i>Legal requirements</i>	Property Code RF FA dated 07.07.2003 N 112-FZ "On individual budgeting" FA dated 15.04.1998 N 66-FZ "On gardening, horticultural, non-commercial citizen associations" Samara Region, law dated 11 March 2005 N 94-GD "On land ownership" Regulation relating to the administration of the Otradnyj Urban District dated 16.03.2012 № 338 (Administrative Regulations) etc.
<i>Qualitative evaluation (key ratios)</i>	At the given time, service is made available taking into account the requirements of the legal provisions
<i>Qualitative evaluation (responsibility)</i>	Director of the Otradnyj administration
<i>Financing</i>	Budget

Cover sheet for a draft TARGET concept using the example of the service "Preparation and conclusion of the purchase contracts for municipal properties"

CURRENT STATUS analysis

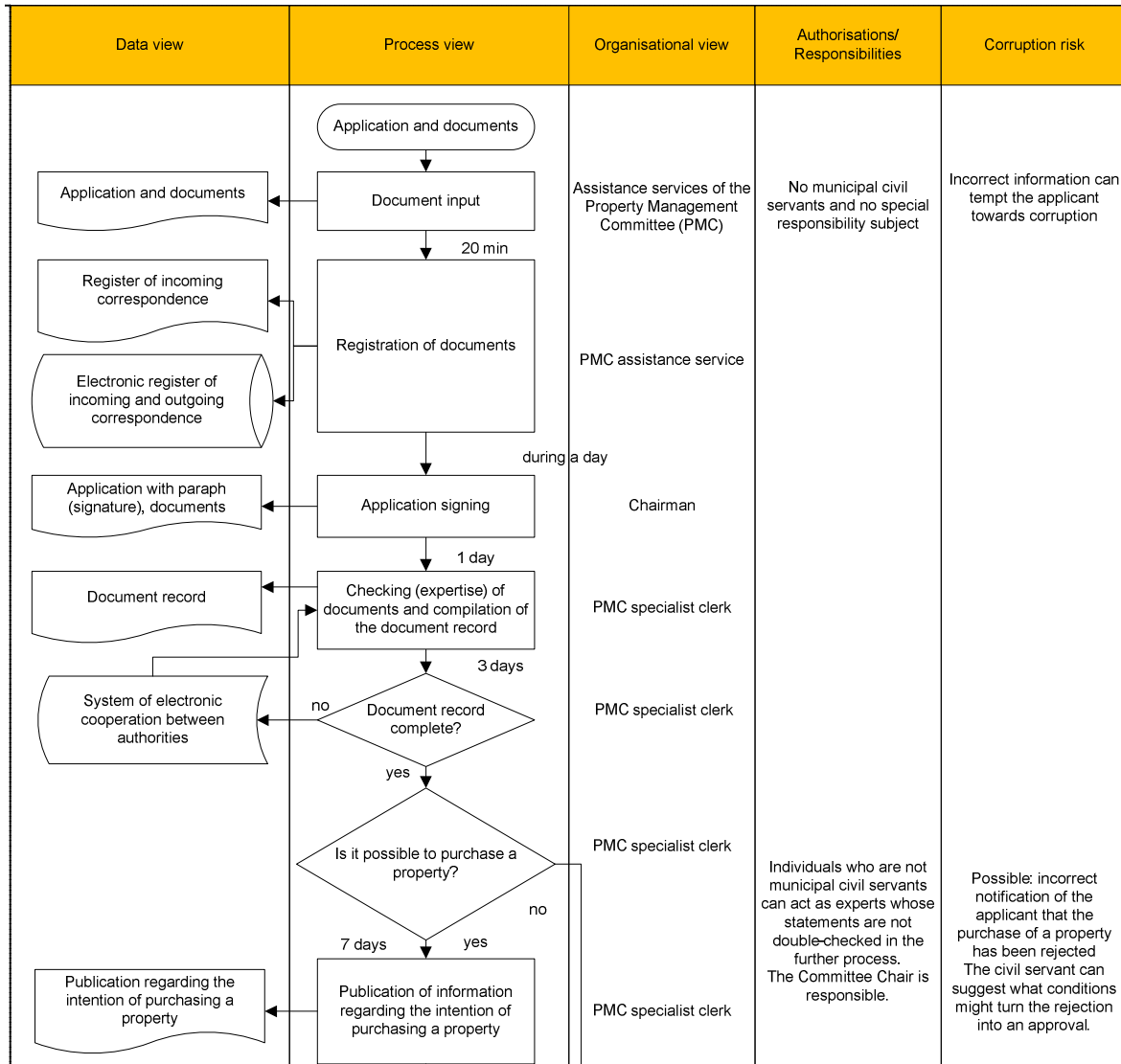
The second step of the system analysis consisted of recording the current structure of the selected administrative processes. For this purpose, administrative employees were interviewed in standard surveys with the following priorities:

- What legal rules and standards are actually applied?
- At which types of activities and in which areas of responsibility do civil servants make decisions independently?
- What authorisation level do these employees have?

- What informal processes exist?
- How qualified are employees actually?
- Where do the employees see opportunities for improvement?

The flow charts created show the responsibilities and the corruption risks for the different process steps. This enabled the municipality to adjust the relevant processes and to revise the administrative regulations.

Preparation and conclusion of purchasing contracts for municipal properties



Excerpt from a flowchart for the Property Management Committee

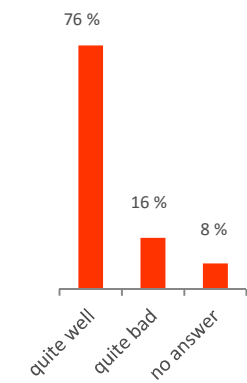
Additional findings relating to the city's administrative processes were obtained based on a survey among the users of the services provided by the City Administration of Otradnyj (citizens, companies). These sociological surveys related to:

- Attitude in relation to corruption and perceived corruption level,

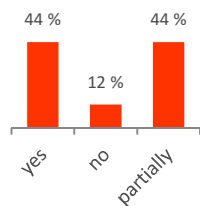
- Evaluation of the quality and achievability of municipal services,
- Assessment of the efficiency of the municipal authorities and the quality of business development promotion.

In spite of the high grade awarded for the quality of the services provided by the Administration of the City of Otradnyj by its citizens (the vast majority of 76 % of those interviewed graded the services as good or quite good, but 16 % graded them as quite bad and 8 % of those interviewed gave no answer), citizens also listed several problems, such as forms which were difficult to understand, the need to visit several civil servants/offices, queues at the offices and the request to submit additional documents.

It is worth noting that in spite of the high grades awarded by the citizens for the quality of the services provided by the Administration of the City of Otradnyj, they also had only a vague idea of their own rights, requirements, deadlines and conditions for the provision of services. For example, 12 % of citizens stated that they know nothing about their rights regarding the provision of services, 44 % of respondents stated that they were only partially aware of their rights. In addition, the majority of the citizens had no clear concept of the contents of the service standards. Only 24 % of respondents stated that they were familiar with these standards. 40 % of citizens were not aware of the directory of required documents and of service deadlines. However, 28 % of respondents knew about the officially stipulated fees. By contrast, only 8 % of respondents had detailed knowledge of the work processes of the authorities.



What can you say about the quality of the services provided by the City of Otradnyj?



Do you know your rights regarding the provision of services?

It is cause for concern that 72 % of citizens are not aware of the Ordinance governing complaints against actions taken by civil servants or against the lack of such action. In terms of measures that could contribute to an improvement of service quality, the citizens interviewed primarily mentioned the document directory. The second point raised related to the processing period, followed by shorter queues in third place.

Company surveys revealed a generally positive attitude to previous cooperation with the local

authorities. However, companies also stated that there are problems in the area of information exchange. They believe that there is a greater need for advice to be provided by municipal administration. In addition, better participation in the often not very transparent decision-making processes by the municipality should be possible.

To summarise, the survey revealed additional weaknesses in the administrative processes and came out in favour of developing measures to optimise processes primarily from a customer perspective, such as providing full information in the administrative regulations regarding the documents required to request services.

TARGET-ACTUAL comparison

In a third step of the system analysis, a target-actual comparison was performed. Based on the deviations identified, different problem areas were defined.

These **problems areas** were:

- Perceived corruption.** In terms of perceived corruption, partially contradictory tendencies were observed: neither city employees nor entrepreneurs and citizens pinpoint specific areas at greater risk of corruption at municipal level. At the same time, they identify the need to systematically prevent corruption. This is because many employees and citizens view corruption as a problem at regional and federal, but not at local, level. The recipients of the services feel that they do not receive sufficient information about their rights and about important parameters of the service standards. Businesses regret that they have few options available to influence administrative decisions legitimately while also emphasizing the need to further develop public-private collaboration. A further tendency is to view corruption solely as instances of bribing. The results of the survey further showed that department heads identify no risks of corruption in their own work. In addition, they are reticent to point at areas at risk of corruption. By now, identifying "corruption zones" is a basic step in anti-corruption strategy. This is a basic principle for suitable structural and procedural measures and for a targeted HR policy in the structural units affected.

- Administrative regulations.** In Otradnyj, interaction with clients normally takes place via the front office (Multifunctional Centre) and as such outside the relevant offices (decision-makers). This is positive in terms of preventing corruption. However, the quality of the City's official regulations is problematic. Constant

changes to legislation and municipal legal requirements have resulted in actual processes of municipal services varying from those set out in the Administrative Regulations. Insufficient customer focus in administrative regulations (incomplete description of the documents required, missing valuation criteria, etc.) remains a typical problem.

3. **Independent municipal institutions.** The majority of municipal services in Otradnyj were transferred to independent municipal institutions. On the one hand, this increased the separation of duties within the individual administrative processes as recommended to prevent corruption. On the other hand, however, the requirements and prohibitions applying to municipal civil servants do not apply to the employees of these institutions. This makes independent municipal institutions more prone to compliance risks. City administration as the instance responsible for these processes must therefore pay special attention to monitoring.

4. **Types of service provision.** In terms of prospects, the quality of the services provided by the City of Otradnyj also depends on the extent to which additional services will be provided via the Multifunctional Centre in the future. However, city administrative regulations contain no provision to this effect.

Potential for improvement

To summarise, the target-actual comparison revealed the following potential for improvement:

1. **Perceived corruption.** Regular training sessions for department heads and employees should be held in order to improve attitudes towards the prevention and combating of corruption at municipal level.

With this in mind, an e-learning programme on preventing corruption was developed for municipal civil servants in order to teach the values of good governance.

Participants learn the following skills:

- establishing service relationships and administrative communication on the legal basis of ethics in professional service relationships,
- understanding and explaining the nature of the factors that can lead to corruption in legal acts,
- carrying out anti-corruption investigations,

- developing anti-corruption programmes at municipal level and assessing the efficiency of such programmes.

During this project, it became apparent that the e-learning programme can also be used for other training and HR tests.

2. **Administrative regulations.** The quality of the regulation processes for municipal services should be improved. The nine services chosen were examined with regard to their potential for process optimisation, with the primary aim of reducing corruption risks and lowering costs. Generally speaking, the following directions for optimisation were identified:

- missing information or information which has not been defined clearly regarding deadlines, reasons why applications are rejected etc. must be supplemented / made more precise,
- the processes and criteria for making decisions must be specified and defined more clearly,
- the use of modern information and communication technologies must be expanded,
- deviations from federal regulations must be removed.

Preparation and conclusion of purchasing contracts for municipal properties

1. The structure of the city's administrative regulations should be adapted to Item 2 Article 12 of the Federal Act dated 27 June 2010 No. 210 – FA "On Organising State and Municipal Services". All documents required should be listed in the directory in full. The description of administrative processes does not have a clear sequence, and some processes are superfluous. The process for making decisions should be defined clearly.
2. The City's administrative regulations should set out the reasons why applications are declined. The conformity requirements and the reasons why applications are declined should be specified in more detail in terms of contract conclusions. As a key component of the City's administrative regulations, details as to why applications are rejected and how deadlines are set materially influence the service standard and its effect in preventing corruption.

Example: Special problem areas regarding the service "Preparation/Conclusion of purchasing contracts for properties"

3. **Independent municipal institutions.**

Individual administrative areas (particularly independent municipal institutions) as decision-makers should be more closely monitored. The

authorities should clearly define the intended results of their services.

4. Types of service provision.

The potential of the Multifunctional Centre for municipal services should be utilised in full. The services should also be offered online.

First recommendations for actions have been implemented

First improvement measures were implemented even while the project was running. To achieve this, a project team by the City of Otradnyj compiled an implementation concept setting out the relevant measures, the order in which they are to be introduced and the instance responsible for them.

As a result, the nine services are now all provided by the Multifunctional Centre of Otradnyj Council and made available online electronically.

The jobs of all employees responsible for these services were connected to the system of automated collaboration between authorities.

Changes were made to all administrative regulations where these relate to the accessibility and quality of municipal services and also where these ensure that the rights, freedoms and legal interests of citizens and organisations are not restricted.

In addition, five new municipal regulations were issued in the area of combating and preventing corruption.

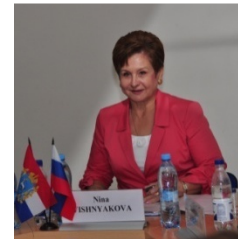
- Regulation regarding sanctions for civil servants for non-compliance with restrictions and prohibitions, dealing with conflicts of interest and obligations in the context of combating corruption,
- Regulation regarding the disclosure of private spending of civil servants if these exceed their income for the last three years, as well as disclosure of sources of income,
- Additions to the regulation regarding employer notifications where attempts to bribe are made,
- Regulation regarding the publication of income, assets and asset-related obligations of municipal civil servants and their family members on the website of the City of Otradnyj,
- Regulation regarding remuneration for municipal civil servants of the City of Otradnyj, where these have contributed to uncovering crimes of corruption.

The existing seminars and training sessions of the City of Otradnyj were supplemented with seminars on corruption.

Final comments

Administrative modernisation measures, which relate to anti-corruption policy at municipal level, should have the following priorities:

- the political will to combat corruption,
- a clear definition of strategies and the system of measures,
- the focus on preventing corruption and the endeavour to change the system holistically, and
- the establishment of balanced relationships within the meaning of a self-regulating governance system between the state, municipal administration, social organisations, the private sector and individual citizens.



“The main result of the joint project to combat corruption is an effective tool to make amendments in this area. At the end of the project, we now have methods and practical competences, which were implemented in the three most important departments.”

*Nina Vishnyakova
Director of Otradnyj Urban District*

To this aim, the Samara region is currently attempting to develop its state and municipal administration services further. The pilot project by the City of Otradnyj is to serve as a model. Project work is aimed not just at optimising processes but also at developing the potential of municipal civil servants in the long term.

Project sponsors

The project was realised with the support of the Duma for the Samara region, the Robert Bosch Foundation at Stuttgart, and the Foreign Office for the Federal Republic of Germany.

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Find out more in the Final Report of the German-Russian project “Development of an effective system to combat corruption at municipal level” at
www.stuttgart.de/rechnungspruefungsam (Good Governance - projects with Russia)