

# **Strengthening Local Democracy in North West Russia 1995–2000**

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**Department for Central and  
Eastern Europe**



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**Sida Evaluation 01/13**

**Department for Central and  
Eastern Europe**

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# Executive Summary: Mission Statement and Central Findings

## Background

In December 2000 the Department of Central and Eastern Europe assigned Nordregio to evaluate a set of projects carried out by the Swedish Association of Local Authorities in North-west Russia and an assessment of their results and preliminary impacts on the restructuring of the Russian local administration towards institutional stability and better functioning democratic governance. The evaluation implementation Team consisted of Stockholm Home Office functions at Nordregio, carried out by Dr. Kaisa Lähtenmäki-Smith and a mobile field unit in charge of Dr. Ilari Karppi, professor of regional development and planning at university of Tampere, Finland, on leave of absence from Nordregio.

The following organisations were the main stakeholders involved in the evaluation process.

*Sida* (Swedish International Development Cooperation Agency) is the central authority responsible for bilateral international development co-operation, who also covers a large portion of the Swedish co-operation with Central and Eastern Europe.

*SALA IDA* (International Development Agency) is a subsidiary company of Swedish Association of Local Authorities (SALA); a jointly owned agency of SALA and the Federation of Swedish County Councils (FCC). The Agency was established in August 2000 as a result of organisational restructuring of the Swedish Association of Local Authorities (SALA).

*Nordregio* is a research centre on questions concerning spatial planning and regional development, located in Stockholm. Nordregio's tasks are to establish a professional environment for research, documentation and education on spatial development, with a Nordic and European comparative perspective, complementing the efforts of national institutes and providing direction and co-ordination in this field. This role includes the aspects of research, education and knowledge dissemination.

The necessary data collection, carried out in the form of field work missions to the Russian territory took place in three stages. All these missions were carried out by Dr. Karppi. The first mission, in January 2001, was directed to Moscow, the second, in February 2001, to Petrozavodsk in the Republic of Karelia and Veliky Novgorod in the Novgorod *Oblast*, and the third, in March 2001, to Kaliningrad in the Kaliningrad *Oblast*. Ms. Marina Kosheleva worked as interpreter and project assistant during the missions to Petrozavodsk, Novgorod and Kaliningrad. The missions to Russia were completed by interviews of Swedish consultants having worked on the projects financed by Sida and organised by SALA IDA. These interviews were carried out by Dr. Lähtenmäki-Smith.

The structure of the Report is the following. Chapter 1 reviews briefly the target regions, followed by Chapters 2–3 that discuss the question of localities, local administration and development of municipalities in the Russian Federation. Chapter 4 describes the strategic guidelines as formal points of departure set for Swedish-Russian co-operation. Chapter 5 discusses the past Swedish-Russian co-operation as perceived by Swedish consultants having worked on the SALA IDA operated projects. Chapter 6 provides a more detailed look at the thematic issues as seen from the perspective of the Russian counterpart organisations and individuals.

Chapters 7–10 elaborate the empirical findings on four levels. Chapter 7 brings to the foreground the question of ‘capacity to govern’ as a core issue in projects dealing with administrative restructuring. Chapter 8 fits together the guidelines (cf. Ch. 4) and the findings. Conclusions of the entire research process are set forth in Chapter 9. Finally, Chapter 10 elaborates the policy recommendations discussing the activities that need further focusing, working methods to be developed and participating actors with their roles to be defined.

Each of these Chapters is followed by a summary of its key points. In some cases the summaries comprise chains of arguments rather than technical accounts of the contents of the preceding discussions. They are, however, designed to give a quick overview of the issues touched upon in each stage of this research.

Dr. Karppi has been mainly responsible for writing Chapters 1–3, 6 and 7, Dr Lähteenmäki-Smith for writing Chapters 4, 5 and 8. Chapters 9 and 10 are jointly written. Mr. Christopher Smith has provided a valuable language check.

In the following section the key findings are summarised through elaboration of topics that were brought to the foreground in the interviews concerning each regional case. The final section reviews issues common to the processes having been carried out in all regions and with a diverse community of recipients and stakeholders.

## Central Findings Regarding Project Activities

### Congress of Municipalities of the Russian Federation (CMRF)

Co-operation with the CMRF and studied here consists of a six-month project carried out during the year of 2000. The budget of the project was SEK 678 000.

#### 1. *Goals and planning stages*

Primary goal of the Congress is the strengthening of local democracy in Russia. There is a specific aim to improve the services of CMRF through disseminating information and learning how the Swedish counterpart works, how decision-makers are influenced and so forth – as well as competence development in the field of financial management.

#### 2. *Results and strengths*

From the results management point of view co-operation with the CMRF seems to have been unproblematic. Projects have achieved what they have been set to do, with only minor remarks made on the sufficiency of resources (given the increasing costs particularly in Moscow) allocated by the Swedish partners to the services acquired through the CMRF.

#### 3. *Weaknesses and potential problems*

Problems associated with co-operation with the CMRF are obviously less connected to the projects in question *per se* and more with current state of affairs of governance in Russia. In many instances and cases it may highly difficult to identify what the actual power relations are and what shapes the power constellations take. Even if the CMRF has highly educated, competent and ambitious staff, it remains difficult to grasp if it actually can influence the reform, and if it really does have a deployable access to the key power centres of Moscow, particularly to President Putin’s administration.



#### 4. *Other potential actors*

SALA is the natural Swedish counter-part of CMRF and undoubtedly best placed to undertake activities focused on local self-government. On the international level the Council of Europe (CE) and the Congress of Local and Regional Authorities of Europe (CLRAE) are worthwhile forums with already established linkages and co-operation with the CMRF.

#### 5. *Other comments*

Evaluation based on the views of participants seemed to suggest a variety of further areas of co-operation. CMRF has a significant potential which will need the kind of external support provided by this type of project activities in order to develop further. More co-operation and co-ordination is needed if the donor community wishes to contribute in the creation of coherent Federation-wide concepts of municipal administration and local self-government.

### **Karelia**

Co-operation activities carried out in the Republic of Karelia and studied here were started in 1997. The last activities took place in the last months of the year 2000. The total budget of the studied activities was SEK 5 890 000.

#### 1. *Goals and planning stages*

The steps of advancement in the Republic of Karelia are marked by the fact that it has been one of the absolute forerunners among the Russian regions to introduce local self-government. Yet there have been some problems. Problems with planning stages may have been partly the cause of subsequent failure in implementing some of the projects (Kondopoga in particular). One solution to combat the problems in the future might be to involve a wider working group in the project planning stage. This could make the implemented activities less dependent on commitment of single key individuals. However, this solution is far from watertight. Turnover of the key administrative staff associated with the changes of mayors may ruin any process built on the preferences and prioritisations of the previous administrations. This is largely due to the centralised character of Russian local administration.

#### 2. *Results and strengths*

Some problems emerged in this area, as some activities were cancelled (cf. the previous point). Once again it is difficult to identify the areas in project preparation that could have been done otherwise to totally avoid the problems. As the involvement of the mayor's administration is a necessity if a project is to be implemented, the co-operation partners have to accept the risk that the change of the mayor will also mean a change in the new local stakeholders' propensity to co-operate on the previously agreed-upon field.

#### 3. *Weaknesses and potential problems*

It is hard to assess to which extent the problems indicated above reflect more extensive problems of commitment to project priorities irrespective of the administration turnover. Personnel changes may have been the cause of more concrete and practical problems also due to the highly dynamic developments in the transitional economy in which job opportunities are created and terminated quickly and people have to move fast to seize their opportunities. Also other, partly personnel-related origins of problems emerged. Positive and successful project frames faced the risk of being taken over by another ones, and in some cases there were certain doubts as to the basic commitment to the concrete project activities as a reflection of lacking commitment to reform towards functioning local democracy in the first place.

#### 4. *Other potential actors*

Also in Karelia SALA appears to be one of the key actors. Here also the single municipalities and counties (e.g. Västerbotten) can stand as most natural Swedish counter-parts. More emphasis on the Karelian side could perhaps be shifted to the municipalities, as one of the problems of the failed projects – as the message was signalled to the Swedish consultants – was that they were perceivably planned too centrally, by the KALA, rather than by individual municipalities. Given the modest size of the KALA, this argument is, however, hard to take for its face value, and reflects more likely other tensions in the region.

#### 5. *Other comments*

There appears to be a need for better co-ordination amongst the activities carried out by the Swedish partners. One of the challenges is to keep up with the pace of transformations, and a means to serve this attempt are the close connections and regular contacts between the Swedish and Russian counter-parts, but also the enhanced exchange of information within the international community at large.

Potential future co-operation areas could include:

- Interbudgetary relations/equalisation system
- Computerisation of operations management
- Training of politicians
- Accounting and budgeting

### **Kaliningrad**

Co-operation activities carried out in the Kaliningrad *Oblast* and studied here were started in the year 1995. The last activities took place in the year 2000. The total budget of the studied activities was SEK 10 109 000.

#### 1. *Goals and planning stages*

Goals of co-operation are defined in terms of institutional support and competence development of local authorities, particularly through their joint association AMKR. Co-operation is regarded being successful largely due to the gradual implementation and increasing of financial volume.

#### 2. *Results and strengths*

The activities in Kaliningrad are deemed as of having reached positive outcomes, partly due to the process-oriented nature to pursue goals – particularly in the City of Kaliningrad. AMKR is seen as a good co-operation partner, and its role is clearly a central one as there are obvious interests to develop it towards a support structure to the Region's municipalities in the field of strategic planning. Results in the Region are largely explainable – here as in other regions – with good personal contacts, professional qualities, and a certain degree of continuity.

#### 3. *Weaknesses and potential problems*

The major weakness visible in the Region can be derived from an unfortunate combination of two factors: its enclave position, and a noteworthy political oscillation having marked the Region's leadership. Yet, from the Region's special spatial and historical position it has followed that several international agencies have focused on it. Thus, there are certain weak signals of 'project fatigue' to be sensed, indicated even by some public officials having represented the recipient side. Identification and careful elaboration of further areas of co-operation should be of particular importance here, with the capacity to govern, plan and program given a special status as an area of co-operation with relevant actors.

#### 4. *Other potential actors*

Here again SALA can be viewed as one of the natural counterparts of AMKR, together with the South-Swedish SSALA. The development of AMKR into a functioning local interest organisation has already been one of the main goals of project activities. One of the advantages of the projects has been the inclusion of a wide variety of actors important for local democracy from Kaliningrad, including the City Hall, Regional *Duma*, and the AMKR.

#### 5. *Other comments*

There are some noticeable ‘side effects’ to be seen. Indicated by the interviewees was a growing awareness on the forms of local democracy embedded in a new democratic culture, and the role of women politicians. Project on election law had also at least a partial influence on the organisation of a special information campaign by the regional *Duma*, aimed at young voters. Other interesting side effects include study visits to Kaliningrad from other Russian regions, which indicates some sort of emergent *best or good practice* thinking and the recognition of advances reached in the Region. Other way round it may also be the vast project density and due monetary flows that has caught other regions’ decision makers’ attention and the introduction. However, as far as this success can at least partly be explained through advances in the enhanced and more accountable administrative practices, and converted to a message that can be delivered to visitors from other regions, the most important thing may well be that the Kaliningrad Region *does* catch the attention in the first place. Another interesting issue is an attempt of introducing the Swedish principle of openness in the municipality of Svetly.

### Novgorod

Co-operation activities carried out in the Novgorod *Oblast* and studied here consist of a set of five projects started during the course of the year 2000. The total budget of the studied activities was SEK 5 420 000.

#### 1. *Goals and planning stages*

Planning stages have been found relatively problematic. Novgorod is another Russian region with a lot of international activities and projects taking place, a region in which many actors want to be involved due to a feasibly established culture and good image of international co-operation. In such an environment the founding stage of co-operation assumed the form of a question “how to furnish a project”. This question was then approached through an LFA-seminar, which sought to identify the needs, risks and common interests. It was however felt by some of the participants on the Swedish side that the utilisation of a project methodology such as LFA can only be successful if it follows or is part of a process whereby the project emerges as a response to already felt needs, rather than seeking to identify such needs ‘on demand’.

#### 2. *Results and strengths*

Despite of the point of departure the results were largely deemed as positive. However, there remains a lot of untapped potential – despite the prevailing ‘project fatigue’ (it must be added here that unlike the situation in Kaliningrad, a lion’s share of the projects in Novgorod are focused on private sector activities). Seminars were generally seen as particularly successful, marked by motivated participants, clear focus and good interaction.

#### 3. *Weaknesses and potential problems*

As in other case regions as well, project follow-up methods are lacking. Moreover, the success rate of the interventions tend to be overly dependent on personal contacts.

#### 4. *Other potential actors*

An actor that was particularly mentioned here as one that could bring new input was the Swedish Institute. This may partly reflect the ‘transformation showcase’ nature of the local development processes visible in Novgorod. On the other hand, any regional association of municipal entities comparable to those in Karelia or Kaliningrad does not exist in the Novgorod *Oblast*. Thus, networking between associations is out of the question. Moreover, the relatively strong grip of the *oblast* administration over the developments within the local administration may limit the scope of direct Swedish-Russian intermunicipal contacts.

#### 5. *Other comments*

Areas for future co-operation might include participatory methods and further promotion of democratic practices in institution-building processes. Human resources management was also seen as an area of potentially intensified co-operation. As to the role of the NWAPA, one of the key long-term goals pronounced in the interviews was the readiness to train the Region’s own human resource development staff to train the required administrators and officials.

### Concluding Remarks: Projects in a Process Frame

There are common points of development relevant for all regions and actors studied in this research. They can be listed as follows.

#### 1. *Goals and planning stages*

The projects have generally been sufficiently concrete and country/region specific. No redundancies are apparent in a sense that the activities carried out within the project frameworks would not have happened without these projects. It should be understood from the start that even dramatic changes can (and most often do) take place in the implementation structures, and that working practices should be better attuned to such flexibility. In priority areas requiring long-term perspective – such as the promotion of local democracy – activities are seldom particularly time-sensitive. Therefore, slight changes in timetables are unlikely to cause major problems.

#### 2. *Results*

The overall assessment here is that the results achieved with the project were largely positive. Study visits may be the best instrument if the aim of the project is to create contacts and networks. Subsequent activities and their further development is to be based on previous experiences. Seminars and study visits to Sweden were deemed as more successful than the ones organised in Russia. As they were mostly planned and organised by the Swedish partners it is only natural that the organising, programming and co-ordination work was better manageable if the venue was in Sweden than if it was in Russia. Also a certain practical advantage stems from the fact that in the seminars organised in Sweden the Russian participants were 100% present and not running back and forth between the seminar and work – as is often the case when activities take place at their ‘home turf’.

#### 3. *Weaknesses and potential problems*

Despite the improving economic and judicial environment, general lack of democracy and confidence in the legal system sometimes makes it difficult to disseminate achievements beyond the local or regional administrators or politicians in question. Local level financial resources are still limited, partly contingent and typically inefficiently managed. Thus, the area of financial management, together with taxation linked to the enhancement of democratic institutions and culture should remain as one of the key areas for further co-operation.

#### 4. *Other potential actors*

In the previous section a number of remarks were made as to the community of potential actors. As far as promoting local democracy is concerned, SALA undoubtedly is the best actor – particularly as stronger co-ordinating measures might be worth taking also on the Swedish side. Bigger role could in practice be given to counties or municipalities, but this option is often limited in reality by lack of financial and human resources – in addition to the need of co-ordination. Consult agencies specialising in budgetary issues and human resource management could be major actors here. Additional resources may be required if the emphasis gradually shifts from education of ‘administrative elites’ to educating citizens, which would bring also the voluntary organisations to the pool of potential actors. Here the NGOs could serve as a valuable knowledge base.

#### 5. *Future activities*

More project activities can still be identified in the current field. They could include, for instance, political decision-making processes, negotiation skills, information aimed at the citizens. One of the key elements of this type of project activity has been bringing Russian counter-parts, who do not necessarily get a chance to come together otherwise. During the course of time this might have stronger and stronger effect on the working relations between Russian localities and regions.

Despite of the steps of advancement there is a need for increased transparency, and an increased need of information of what relevant things are happening, where and how does a particular project fit in the wider scheme of things and so forth. Moreover, there is also a certain need to disseminate information more efficiently *within Sweden* and beyond the ‘project elites’ There is a major scope for systematisation of information dissemination and exchange of experiences required.

Another area potentially requiring improvement is the utilisation and collection of background information before project is launched in the project sites. Additional resources could be identified outside the current project elites. Universities and research institutes could possibly be utilised more.

Whilst language skills and expertise on actually working in Russia are important in implementing projects, even more important is substance expertise, highly appreciated by the Russian counterparts. The same applies for social and cultural skills and sensitivity.

Finally, it might be useful to clarify the strategic goals of Swedish-Russian co-operation with the following leading questions:

- which should be the key areas of action;
- what are the key components of new democratic culture; and
- how are the Swedish priorities located vis-à-vis the other members of the international community?

# 1 Case Regions in Brief: Arenas of Changes and Spaces of Action

The purpose of this Chapter is not to provide a regional geography of the three case regions – the Republic of Karelia, and the *Oblasts* of Kaliningrad and Novgorod -with Sida-funded projects implemented by SALA/SALA IDA. Rather, it is to form an appraisal of these regions as project environments with the help of numerous interviews and free-form discussions with civil servants, consultants and other individuals. The interviews were primarily conducted during the course of three field trips to the respective regions themselves, with an additional one to Moscow.

In the course of these field trips interviews with 32 representatives of organisations with either previous or on-going projects were undertaken. Those interviewed were primarily representatives of either the Russian beneficiaries, or of the stakeholder organisations. This interview set was complemented by further discussions with consultants from Sweden, Finland and Russia, reporting to the British, Finnish and Russian governments, the European Commission and the IBRD (World Bank). The main focus of this data collection effort was on Swedish projects and their achievements, but also, where possible, attention was paid to the particularly ‘Swedish way’ in which these projects were carried out, compared to the those of other national donors participating in similar activities in the same thematic areas and/or geographical regions.

## 1.1 Case Regions

The case study regions form the immediate socio-spatial contexts for the transformations relevant to the newly empowered administrative apparatuses that build on provisions adopted by democratic societies. For the historical and locational reasons mentioned above, all three case study regions can be viewed as being among the forerunners of institutional renewal, second in the Russian Federation only to the Federal metropolises of Moscow and St. Petersburg.

Table 1.1 highlights some basic indicators pertinent to these regions. The data illustrates that even though the population bases of the regions, or the numbers of their municipal units, do not differ radically, nevertheless remarkable differences emerge in other areas. The most obvious difference naturally stems from their unequal geographical size.

*Table 1.1. Basic profiles of the three Case Study Regions.*

	Population in 1999 (1 000)	Area (1 000 km <sup>2</sup> )	N. of <i>rayons</i> (municipalities)	<i>Rayon</i> mean size (1 000 km <sup>2</sup> )	Inhabitants/ <i>rayon</i>	Pop/km <sup>2</sup>
Republic of Karelia	770.0	180.5	19	9.5	40 526	4.3
Kaliningrad Oblast	930.0	15.1	22	0.7	42 273	61.6
Novgorod Oblast	739.0	55.3	21	2.6	35 190	13.4

The territory of the Republic of Karelia is more than three times the size of the Novgorod *Oblast*, which in turn is more than three times as large as that of the Kaliningrad *Oblast*. Given the vast territory of the Republic, the number of municipalities (*rayons*) in Karelia is small, and as a whole, the region is sparsely populated with remarkable distances between the main population centres. Moreover, approximately one third of the population lives in Petrozavodsk, the capital of the Republic. All of these regional structure features are significant indicators of an area of highly peripheral location similar in many ways to the northern Swedish, Finnish or Norwegian economies and suffering from the effects of similar structural problems. In population density terms, particu-

larly as it relates to over-concentration on the capital city region, the closest Nordic reference point for the Republic of Karelia would be Iceland.

Continuing with this line of thought, in terms of population density, the Novgorod *Oblast* can best be compared to Finland and Norway. The area of the *Oblast* is comparable to large, relatively peripheral regions or counties in the largest Nordic countries – a feature supported by the fact that, as in the Republic of Karelia, also in the Novgorod *Oblast*, approximately one third of the population is concentrated in the *Oblast* capital, Novgorod the Great (*Veliky Novgorod*). Logistically speaking, Novgorod benefits from its excellent location between Moscow and St. Petersburg. In 1997 it was nominated by the American Chamber of Commerce in Russia as the Region of the Year for its success in attracting inward investment, thus highlighting the role of Veliky Novgorod as a widely renowned showcase example of successful Russian locally led transformation towards the market economy.

The fact that successful economic transformation and liberal democracy (including local empowerment) do not necessarily go hand in hand might well however be another lesson to be learned from the Novgorod *Oblast* case study. Moreover, the final regional case study, on the Kaliningrad *Oblast*, highlights a radically different setting in which local political actors needed to co-operate in their attempts to counteract the machinations of the previous Governor. The association of local authorities was thus viewed as something to be developed into an ‘informational tool’ (K. Gimbitski in his interview, 12.3.2001), which could assist local decision-makers in this struggle for political significance.<sup>1</sup>

As far as regional structures themselves are concerned, the Kaliningrad *Oblast* differs quite significantly from the two other regions. Its history as the German *Land* of Eastern Prussia is reflected in its settlement structure as well as in the urban and regional texture, which is rather uncommon to the Russian eye. It is a part of the Russian Federation without being ‘Russian’ in its historical character. Significantly, this allows for a distinct set of cultural layers to occasionally appear from behind the post-war Soviet texture. In its size and population density the *Oblast* can best be compared to developed Nordic regions and counties with relatively large (100 000–200 000 inhabitants) population centres. In Kaliningrad *Oblast* nearly 45 percent of the Region’s population live in the *Oblast* capital, the city of Kaliningrad.

## 1.2 Western Heritage and Soviet Traditions in Governance Systems

On assessing the common features of the three case regions it is obvious that they are representative of the most advanced northwestern part of the Russian Federation. As such, Western observers with their institutional mindset derived from the standard political and socio-economic analysis should in theory, have few problems understanding the societal developments of this part of the Federation.

The problems identified in the analyses of the prevailing situation in the regions in question were seen to be most acute where projects had a distinctly technical orientation. A further area of concern was the degree, or lack thereof, of computerisation in municipal accounting. In addition to the low level of computerisation, differences in accounting standards themselves largely imposed by the dictates of the old Soviet administrative environment, produced a system of accounting and auditing so at variance with the traditional Western approach as to seem beyond rational organisational design.

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<sup>1</sup> So far it must be noted that whilst the potential is undeniable, the city of Kaliningrad has been the more significant actor in project co-operation.



In each of these cases it is possible to identify both a technical indication that a problem exists, and either its underlying functional consequence or its symptomatic reflection of the design of work processes. It is therefore apparent that the basic problem faced in the attempt to create linkages between Swedish and Russian technical structures – with the maintenance and related technical management systems directly attached to them – would have been identical virtually anywhere in the Federation. When it comes to analysing these administrative aspects and the linked issue of *capacity to govern*, it is realistic however to presume that it should have been precisely in these three Subjects of the Federation, that the gap between Western and Russian approaches to governance should have been at its narrowest.

There are several factors underlying this assumption. The first and most obvious is the long-term, often historically rooted, interaction between the case study regions and their Western partners.

In discussing the future of post-socialist societies Francis Fukuyama (1992, 275) maintains that democracy does not emerge accidentally or unaided. Rather, it has to be preceded by a historical process of building social capital which produces a dense network-based civil society, which in turn can be viewed as a necessary condition for modern liberal democracy, as well as a functional necessity for the bringing about of a democratic order. (See for instance Fukuyama 1999.) As a matter of course, this approach stresses the need for institutional systems to create and maintain stability, and spells out a possible agenda for a political philosophy of transformation.

To what extent they have the ability to pursue such a democratic agenda irrespective of the lack of the material prerequisites is however another question entirely. In terms of decision-making processes, the three regions are remarkably different from each other. To a certain extent this is more a reflection of each regions' geographical location, implying a more or less favourable position in the interregional division of labour. Each region's contemporary development potential is largely built upon the utilisation of endogenous growth assets, such as comparatively cheap labour and the extensive deployable natural resources.

In the field of stabilised institutional development the entire process of transformation is far more complex, and problems in this field have tarred privatisation processes across the CIS and the Balkans, and even those in some of the most 'Europeanised' Central European countries with the brush of *crony capitalism*. Yet, to understand why the powers that be in the transition economies may not be sympathetic to reforms that aim at instilling the practices associated with 'good governance' one has only to understand that for many of the transitional leaders, it has been the dubious practices of 'bad governance' that have enabled them in the first instance, to indulge in kleptocracy.

Of the three case study regions discussed in this study, the Kaliningrad *Oblast* has the most clear-cut history of oscillating between different levels of institutional stability. This is neatly illustrated by reference to the divergent political interests of the region's last three Governors, and in particular, their desire to use their constitutional powers. Compared to his predecessor, the *Oblast's* present Governor, Mr. Vladimir G. Jegorov appears to have a more pro-Western orientation, favouring as he does, the strengthening of the Region's international linkages and the creation of viable institutions capable of creating and fostering such linkages.

Not only in Kaliningrad but also virtually worldwide, administrative systems need to distance themselves from anything that carries with it the stigma of institutional malfunctions. This is particularly so where we assess the *future* prospects for increased co-operation with international financial institutions. To them, an environment is risky if the behaviour of its actors cannot be analysed and predicted through rational arguments that are the basic building blocs shared by the contemporary



business administration and public management alike. Thus, through this common management logic, good (public) governance within a given economy is inseparable from its viable integration into the global economy and to the amenities of its division of labour.

### 1.3 The Role and Scope of Inter-municipal Co-operation

Each of the three case study regions is a representative of its own peculiar developmental trajectory, displaying its own historically specific path to its current institutional set-up. This is also true with regard to the forms, functions and organisation of municipal activities. In what follows, attention will be drawn to the institutional forms of inter-municipal co-operation.

In the Republic of Karelia the KALA – the regional association of local authorities – appears to provide the Mayors with a forum in which to co-ordinate their activities *vis-à-vis* the region's state authorities. The idea is to rotate the KALA's chairmanship amongst the mayors, a practice which can in itself be seen as an indication that this position, and the very existence of KALA is viewed by the Mayors as relevant and beneficial, particularly as it has provided the municipalities with outside channels and contacts to the providers of international assistance, SALA/SALA IDA included.

In the Kaliningrad *Oblast* situation the regional Association of Local Authorities (AMKR) also enjoys a clearly visible status, even though its degree of embeddedness in the decision-making structure is not necessarily as strong as in Karelia. In the Kaliningrad *Oblast* the relative importance of the AMKR, compared to that of its sister organisation in Karelia is obviously weakened by the large number of EU-supported regional projects and other such international activities ongoing in Kaliningrad. From the viewpoint of key politicians and administrators however the regional association is merely one alternative arena in the search for better access to external resources.

Novgorod *Oblast* and particularly the city of Veliky Novgorod resemble Kaliningrad in the sense that they are both Russian regions deeply enmeshed in international networks and, consequently, party to a multitude of development projects. Whilst it has been acknowledged elsewhere that active project work can be beneficial from the point of view of creating new organisational structures and even in shifting traditional power bases, this may not however always be the case. It is possible that in Novgorod this ready supply of projects may have produced unexpected side effects to the extent that the *Oblast's* municipalities have not seen fit to establish their own regional association such as the KALA or the AMKR. Instead, in Novgorod the *Oblast* administration has taken it upon itself to provide the kind of co-ordination of developmental activities that KALA has provided to the municipalities in the Republic of Karelia, and both the City Authorities in Kaliningrad and the AMKR provide for the Kaliningrad Region.

In the case of Kaliningrad, 'shared leadership' appears to be the *modus operandi* governing relations between the Region's main city and the regional association. This can be observed in issues related to international networking and in the projects based on it. Two factors may explain this:

1. The Region's strategically sensitive position may have contributed to the emergence of a particularly *militaristic culture*, and with it the hierarchical 'chain-of-command' thinking prevalent there in the civilian administrative sectors. This, in turn, may also have promoted the notion that there was a need for one administrative body to collect and represent region's potential political and economic power.

2. The *Oblast's* municipal system remains in a state of flux. This may be due to the partly foreseeable, partly ongoing restructuring of some *rayons*. Parts of these entities are formed by historical German towns, swallowed up during the Soviet era by larger administrative entities. Now they often seek to reacquire their status as independent municipal units and thus as historical nodes of identity.

The combination of such factors has obviously made it politically and socially more acceptable for administrators of smaller and economically weaker municipalities to not only allow the main centre to be an obvious path-breaker in terms of international co-operation, but also to let them be the agenda setters also for international networking and for the co-operative efforts of the entire Region. The Association, in turn, is a representative of *municipal self-government as an entire institution*, which is still in the midst of an era marked by transformation. Particularly when we look at Federation-wide developments, the municipal level has clearly yet to attain its final form. In such circumstances, organisations are needed that are capable of collecting, formulating and representing the interests of actors and capable of providing them with, at least some extent, a more predictable future.

#### Summary of key points:

- The three case regions are among the most advanced northwestern administrative entities of the Russian Federation
- From the governance perspective they constitute in many instances combinations of Russian/Soviet traditions and Western 'rational' organisational design
- The endogenous growth assets of the regions vary, which has an impact on their potential and actual trajectories of transformation and development
- The success in institutional developments is a particularly sensitive issue here, as it largely facilitates the other aspects of transformation
- Inter-municipal and regional co-operation are forms of decentralised institutional renewals
- Here the Republic of Karelia and the Kaliningrad *Oblast* have taken more profound steps than the Novgorod *Oblast*

## 2 Developments in Russian Local administration: The importance of Local Phenomena

The current state of local administration and governance more generally in the Russian Federation remains problematic – particularly if one tries to trace *Federation-wide* institutional frameworks of local administration. One *can* however often find good locally applicable models for the organisation of a wide range of policy practices and developmental activities at the local level. This only succeeds however in highlighting the core problem, which quickly becomes obvious when one is trying to analyse general trends relating to the development of local administration in Russia, based on findings taken from a small sub-set of the total ‘population’ of ‘Subjects of the Federation’ (89). Even the basic concept of what is to be – or what obviously *should* qualify as – a Russian municipality, as a standard institutional setting for governance over local issues is not yet clearly discernible.

### 2.1 The Manifold Routes to Democratic Local Development

The same also holds true in terms of local democracy, particularly with regard to building on legitimacy acquired from below, or from the voters. The uncertain foundations of local democracy remain problematic despite a decade of gradual albeit halting democratisation. Moreover, more than half of this period has been marked by Russia’s membership of the Council of Europe, the institution whose task it is to disseminate ‘European’ democratic ideals. Veliky Novgorod for example is deemed in some Western circles as providing a benchmark for well its ‘managed transformation’ towards ‘international openness,’ something that was simply not possible under the Soviet command economy system. It should be noted however that throughout the Novgorod *Oblast*, it is the *Oblast* Administration and not the municipalities that appear to have the leading role in setting the agenda for local development.

This is not to deny the Novgorod *Oblast*’s administrators’ noteworthy performance in promoting local decision-making in the context of managing societal change. Rather it is to underline that there are *several institutional routes* through which relevant issues can be handled locally and efficiently. The model framework that builds politically and economically on the more empowered local authorities – as is the case with the Republic of Karelia – moreover appears to be another successful variant. Indeed it is perhaps closer in form to the established Nordic, or generic Western perspective as ‘municipal’ decision-making. The third regional case studied in this analysis, the Kaliningrad *Oblast*, seems to represent yet another variant. Indeed it appears to combine elements of the other two, which is in itself partly due to political and administrative instability caused by continual changes of personnel and political emphasis at the Gubernatorial level.

What is regrettable however is that despite the effort of innumerable specialists committed to helping Russia with its transformation, of which, the development of the administrative system plays a significant part, the *systemic* effects, particularly in the field of local administrative reform appear to be at best, modest. This may not be accidental. Given the fact that Russia is the world’s second largest military power with a significant nuclear arsenal, Western governments and institutions have been understandably concerned to ensure the durability of co-operative processes with the Federal level, ensuring that great power decline is neither ‘un-managed’ nor precipitous, thus the need remains to bolster the position of their major interlocutors in Moscow.

It is therefore obvious that it would be rather optimistic to assume, given the pre-eminence of strategic questions that the Western powers will seek to prioritise local administration reforms as an alternative field of co-operation. The underlying assumption of this study however is that the international community *is* genuinely committed to assisting Russia in its transformation process *across all levels of government*, of which the local level is naturally an important part.

## 2.2 The Problematic Local

As transforming Russian society and its administrative structures at the local level may not rate particularly highly on the scale of Western concerns, general policy in this area appears to lack vision. Moreover, this is reflected in what is actually being done by the international partners involved in fostering local co-operative activities. No matter whether discussions were conducted with stakeholders or with other actors dealing with projects carried out by Swedish consultants, or the World Bank among others, a common denominator of all such discussions was the view that what has been achieved is at best a set of locally oriented activities.

Typical activities within such co-operative processes frequently include demonstration projects, excursions, city twinning and so forth. They may and often have had significant local effects. When speaking of the development of ‘local’ political or administrative entities, and of the ‘local’ effects of international activity, the need to stress the term *local*, is paramount. The trickle-down effect of experiences and achievements with major local relevance has thus been modest, and, most importantly, positive effects that *do* occur seem to be delimited not only in place but also *in time* (cf. Fig. 2.1).

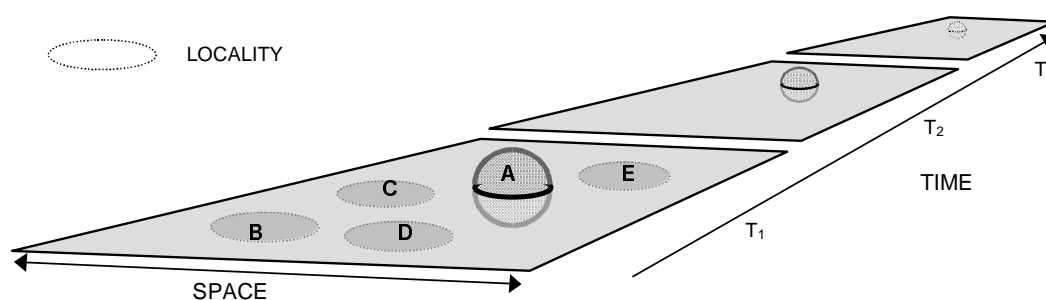


Fig. 2.1. Delimited spatial and temporal trickle-down effects of local government reforms.

As it is illustrated in Fig. 2.1, a project carried out in Locality A does not necessarily lead into any development process based on A's experience and carried out in one or some of the surrounding Localities B-E. What we mean by the notion ‘delimited in time’ is that over time, the effects of project implemented in Locality A appears to fade from the recipients’ institutional memory.

From an individual perspective this all is perfectly understandable. It is both natural and understandable that enmeshed in the continuous flow of events, that new experiences, displace older ones. However, when we speak of administrative systems, such an explanation is not acceptable. Indeed, this is one of *the* most basic problems facing those who seek to usher in a transformation in Russian local administration. The cultivation of this *institutional continuity* or ‘*memory*’ is necessary because it dispenses with the need to rely on the limitations of individuals, spanning as it does, the past experiences and lessons learned over extensive periods of time. In an institutional system that remains in a state of flux however, such continuities are continually broken by personnel changes and in the inevitable ‘ebb and flow’ created by the numerous changes in political regimes.

An example of such a development is what appears to have occurred in the case of a Swedish project carried out in the city of Kondopoga in the Republic of Karelia. In this case a change in City administration simply terminated the project's implementation, hence undermining at a stroke the possibility of building on the process of institutional continuity fostered by the co-operative process. The decision to discontinue participation in the project was taken by the newly elected Mayor in conjunction with his staff, after the project had already been active for some time. This example merely gives an indication of the potential problems inherent in the creation of compatible chains of mutually supporting processes that may contribute to a coherent and institutionally sound model designed to transform local administration in the Russian Federation.

What appears to be a 'logical' consequence of such essentially political internal developments is that the co-operating countries and the donor organisations increasingly draw back from the ambitious idea of transforming the *system* of local administration as a whole, and focus instead on 'as-good-as-possible' local project initiatives. An obvious concern here is that a rash of such local initiatives, rather than contributing to a more consistent Russian model of local administration will actually lead to the creation of an increasingly fragmented mosaic of localities, as well as to a situation where the Subjects of the Federation themselves implement widely differing municipal structures.

Whether or not such a dynamic should unduly concern us, in light of the fact that realism itself suggests that virtue is the handmaiden of necessity, such matters are ultimately both questions of political theory, but also of practical politics. As such they largely fall beyond the scope of this study. Yet, if we take the existence of harmonious administrative structures<sup>2</sup> within a given state territory as a major sign of institutional stability, and thus as a prerequisite of good governance, grounds remain for viewing the current situation in Russia with concern. Such a level of concern was expressed by a number of the interviewees who pointed to the fact that there is a:

- a) lack of co-ordination between the various projects;
- b) lack of an 'institutional memory' function to systematically record the experiences of co-operation and to contribute to comparative analysis and learning; and finally
- c) lack of broadly based strategic thinking as to what it is that is to be achieved with the joint assistance projects, however locally implemented they may be.

The combination of these three themes leads neatly into the overarching question of this report, namely: is there a locally based way – something that can be internationally assisted – to institutional stability in Russia? In the following Chapters some light will be shed on this question, starting from an assumption that after all the misgivings and reservations, it *is* a question, not a dilemma, and that possible solutions to it can be sought with a certain degree of confidence that they *can* actually *be* answered.

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<sup>2</sup> Such as a knowledge of the role or position of a municipality in different parts of the Federation, or which territorial unit does *comprise* the municipality in one or another part.

**Summary of key points:**

- There is no 'absolute' or 'best' practice in management of local changes in the Russian Federation but many institutional ways to achieve relatively satisfactory or acceptable results
- Also the three case regions differ in this respect
- An obvious problem appears to be that there are few bindings that would bring the locally achieved results and findings to any higher analytical level that would facilitate learning from experiences and achievements brought about by processes on individual case locations
- Such an 'institutional memory' would be needed if the locally developed solutions and work methods are to be extended towards Federation-wide models
- Also the questions of co-ordination among various activities and strategic thinking on the level of setting the goals for international co-operation in the field of restructuring the local government and administration emerge here
- Left unco-ordinated, the locally diversified projects threaten to add the fragmentation of Russian local administration instead of bringing it towards a more comprehensive model of local change management in the face of profound socio-economic transformations

### 3 Transitions in Russian Local Administration: A Process View

As its name suggests, Russian Federation is a federal state divided in 89 administrative regions, called constitutionally as Subjects of the Federation. As many as 21 of the Subjects are formally *Autonomous Republics* (such as the Republic of Karelia). Most of them, altogether 49, are called *Oblasts* ('regions', as it is the case with the regions surrounding the cities of Veliky Novgorod and Kaliningrad). Other Subjects of the Federation are six *Krais* ('territories'), ten *Autonomous Okrugs* ('districts'), *Jewish Autonomous Oblast of Birobijan* and the federally significant cities of *Moscow*, the Federal Capital and *St. Petersburg*. In this report these administrative entities found from the intermediate level between the Federation and the localities are called simply as 'regions'.

#### 3.1 The Federation and its Regions

A new intermediate level between the *Regions* and the Federation was created on 13 May 2000. One of the first acts of Mr. Putin as the President of the Russian Federation was to reallocate the Subjects of the Federation into seven Federal Districts. Moreover, he personally selected and nominated his Plenipotentiary Representatives for these Districts to replace the Regions' former 89 Presidential Representatives. This administrative restructuring can be seen as a major part of the recent re-centralisation campaign (Solanko & Tekoniemi 2000, 4) during which the leeway of the Russian Regions and their ruling Governors has been deliberately narrowed. The situation is not so straightforward, though.

Particularly as we seek to assess governance over the manifold regional development policies, the actual roles and positions of the Plenipotentiary Representatives may turn out to be limited. Governors and local leaders are still key gatekeepers to the basic administrative processes designing the policy outcomes. Moreover, there is an interesting 'historical' path dependency that is to be taken into account while analysing the complexities present in the current situation. The 1993 constitution having followed the 1992 Federal Treaty failed in addressing the relations between Moscow and the Regions through setting up any clear and consistent policy framework or developmental agenda. As formulated by the former President Boris Yeltsin in 1993, the federal government was not to conduct any kind of regional policy. Instead, the regions were largely left on their own in their attempts to manage the transformation, with the assets and constraints they were equipped or burdened with.

Until 1996 two thirds of the regional governors and leaders of republics were appointed by the President himself. From that year on, however, the regions started to elect their governors and executives themselves (Ruutu & Johansson 1998, 15-16). Underlying this renewal was the 1996 presidential election campaign and Mr. Yeltsin's need to find support for his re-election from the ranks of the regional leaders. This – together with the weak economic ties as far as any clearly formulated assistance to the lagging regions is concerned – obviously decreased the authority and possibilities of the President to actually monitor the forms the developments were taking in the distant parts of the Federation. Relationships between the centre and the regions were clarified but no necessary legal structures to stabilise them were yet created (cf. Solanko & Tekoniemi 2000, 4).

On the other hand by that time the Russian regions had already been involved in sort of a rent-seeking game in which every actor tried to catch central government subsidies, transfers and low-



interest loans to support their respective regions' development (*ibid.*). Thus, any systematic management of the transformation process on the level of the entire Federation seemed to be on its way of slipping from the hands of the Federal decision-makers. The lack of any comprehensive policy framework reflected then in murky 'power-sharing' arrangements designed bilaterally between the regional and Moscow presidential administrations. They included, among others, provisions about taxation, and aimed thus compensate the flaws in the legal/policy frameworks concerning intergovernmental finance (Ruutu & Johansson 1998, 18).

Given this developmental path of centre-regional relationships in the Russian Federation it is easy to understand the practical difficulties faced by President Putin's Plenipotentiary Representatives. They may have an undisputed role in monitoring the loyalty of the regional leaders *vis-à-vis* the centre and reporting thereof. However, there are major vested interests among the strong local and regional leaders, and the trajectories of development are highly diversified not only among the Federal Districts but also *within* them. Moreover the Plenipotentiary Representatives have slight economic resources to form coalitions with local cliques to intervene in the structuring of regional power constellations – provided that they would be willing to do so. This all may easily leave them as second-tier players in the gradual development of Russian regional and local administration towards a model that could be correctly understood with the regular Western concepts of good governance and democratic administration.

### 3.2 Local Administration: Some Constitutional and Organisational Remarks

According to an already established opinion, the development of Russian local self-government in its present institutional form started in 1993 with the adoption of the new Russian Constitution. The exact number of local authorities in Russia is impossible to give, because it changes all the time due to two parallel processes of creation of new municipalities: mergers of smaller administrative units into larger municipal entities in some Subjects of the Federation and disintegration of larger entities into smaller municipal units in others.

If the intermediate tier in the Russian administration can be said of consisting of a widely varying types of regions with differing administrative structures, to some extent differing constitutional statuses and territorial overlaps<sup>3</sup> the same certainly holds true for the Russian localities. Dr. Timo Linkola (Association of Finnish Local and Regional Authorities) has worked for years on the Russian local administration reforms. He assessed, while interviewed in Moscow for this study, that the correct number should be approximately 13 000. An estimate of the same size was also given by the representatives of the Congress of Russian Municipalities. Of the municipalities ca. 1 350 are either larger cities or other towns and urban settlements. However, the system is not that straightforward largely because of the dynamics of how the Russian administrative entities are turned into municipalities.

Basically a Russian municipality becomes established as the inhabitants of a locality make a decision upon creating a self-governing administrative entity. They have then to organise elections and have their statutes registered by the regional (republic, *oblast*) administration. As it can be seen from these formulations one must distinguish between the local administrative entity and a municipality. The above-mentioned number of municipalities referred to 'registered' municipalities only, and in addition to them it has been estimated that there are more than 30 000 administrative areas below the administrative level of Subjects of the Federation. As it can be anticipated, especially the non-urban municipalities constitute a highly heterogeneous group of other administrative entities. The

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<sup>3</sup> In the case of Federal Districts



mere existence of such a group of ‘embryos of potential municipalities’ shall most probably keep the field of Russian local authorities in a continuous flux during the years to come.

Not all of the ‘non-municipal’ administrative areas can be seen as of having even the required capacities for forming a municipality. Some of the specialists interviewed for this study mentioned about some non-encouraging experiences from small one-village rural municipalities that had been formed but reintegrated to larger entities. A Russian municipality has simply too many constitutional duties without the necessary resources allocated to them to allow small municipalities to survive, was their conclusion of what had happened. The question of determining an optimal size for a Russian municipality, its regional variations and some dynamic components are to be discussed in more detail in Chapter 3.3.

Thus, the basic perception of what is a municipality in Russia remains somewhat fuzzy. Moreover, developments on the federal level do not seem to provide any quick fix to the unclear situation. We can start from an assumption that the legal framework for regional development and local governance will be gradually put to its place. Yet, the capacity to operationalise and govern the transformation, and hence *implement the institutional renewals*, may remain weak. There may not be adequate organisations with relevant competence and expertise on the federal level to provide the municipalities with the necessary support. As a part of Mr. Putin’s apparent re-centralisation campaign the Presidential Council of Local Self Government has been recently abolished, and the operational capacity of the Ministry of Federal Issues, Nationalities and Migration on local affairs reduced.

### 3.3 Municipalities in Russia: Rayons and Localities

Partly from this institutional instability it follows that assessing anything that could be called an unequivocal ‘general trend’ of local self-government in Russia is not an easy task. Yet there are some *de facto* points of departure to begin with. By the year 2000 all but three Russian regions *had* established local self-government. However, the systematic legal basis to frame the local self-government has remained relatively weak – or at least inadequate in its coherence. The 1995 and 1997 laws on General Principles of Governing the Organisation of Local Authorities and Financial Principles of Local Self Government are the main Federal regulations providing the legal frameworks for local development. They are completed with regulations on municipal service and local election rights, two Presidential decrees (*ukaz*) and the European Charter of Local Self-Government adopted by the State *Duma* as a part of Russian legislation in 1998.

Partly the problem in assessing any in-depth general trends arises from a de-centralised/regionalised institutional system underlying the creation of municipal entities. In addition to the Federal regulations the 89 Subjects of the Federation have their own rights to adopt laws on local development within a seemingly substantial leeway left by the Federal stipulations. Another set of explanations can be based on the *de facto* situations and differences that exist between the different regions. For instance historical developments, experiences and cultural patterns contribute to the various regions’ local communities’ readiness to establish political entities with administrative bodies. In many cases these institutional features are directly attached to the maturity of the socio-economic structures of the regions in question. Consequently, the developments within creation of municipalities as units of local self-government vary from region to region.

This variation may be easiest to identify on the level of *rayons*, or ‘districts’. Figure 3.1 illustrates three processes of municipality-creation in the Russian regions. The point of departure in the three schemes is to see the *rayons* as the regions’ territorial sub-units. However, there are major differences in the dynamics through which the region is divided into municipalities – the shaded boxes in the figure.

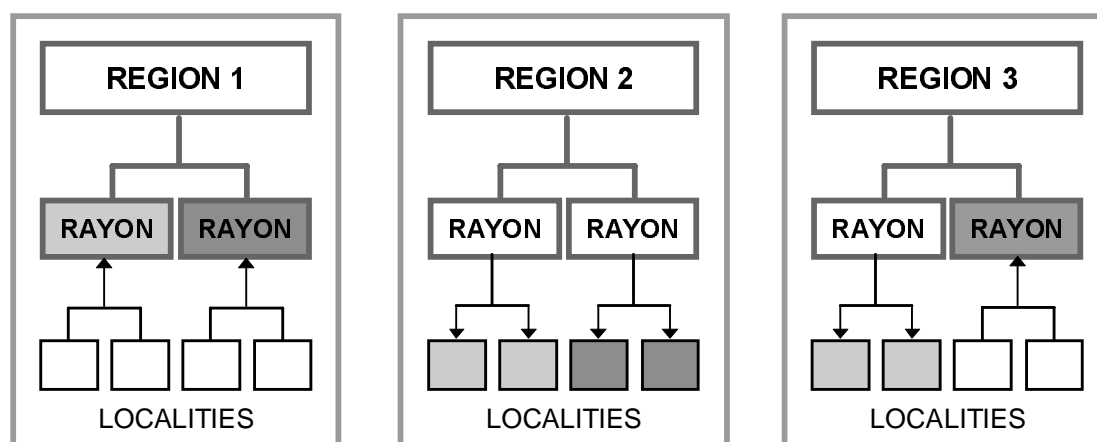


Fig. 3.1. Three processes of municipality-creation in regions of the Russian Federation.

In ‘Region 1’ the population of various localities (e.g. village councils) have decided to administratively join into larger entities on the district level. Thus, the numerous responsibilities given to the local authorities in Russia are also to be taken care of within a larger territorial unit. This can be assessed of giving a broader scope to more co-ordinated and hence more optimal use of scarce resources. In the second part of the 1990s this dynamics was typical to Russian regions that had taken an early start in the municipality-creation process. These regions had thus been allowed to ‘try’ various levels for finding optimal settings for a municipality as soon as the Constitution had allowed their creation. Thus, this ‘return to districts’ can be seen as a part of an evolutionary process. This dynamics can be seen in the Republic of Karelia and the Novgorod *Oblast*.

Quite a contrary dynamics prevails in ‘Region 2’ with municipalities created now on the basis of smaller localities instead of *rayons*. With slight generalisations it can be said that this is the ‘model’ applied in regions that were late to arrange creation of municipalities on their territories. None of the regions studied in this research represent this dynamic. Instead, dynamics visible in ‘Region 3’ resemble the ones that can be seen in the Kaliningrad *Oblast*. For certain historical reasons discussed to some extent in Chapter 1 it is a good example of a mixture of rayon-based territorially larger municipalities and locality-based territorially smaller municipalities.

Even if the creation of municipal entities in itself reflects a de-centralising trend in the Russian public administration, the *administrative culture in municipalities* does not necessarily reflect any major transformation from the authoritarian traditions embedded in the administrative thinking during the Czaristic and Soviet histories. A key person in the municipal administration is the Head of Administration, a bureaucrat elected in most regions directly by the population. He hires and fires the members of his administration and authorises most of the operative actions. Delegation of authorities and tasks is weakly developed, and the staff members expect to receive direct commands from the Head. From the centralist culture it follows that the role of the Municipal Councils is often weak – and by no means of the importance it has in the Nordic Countries. Elections have in some instances turned out to cause radical changes to the composition of Municipal Councils, which also weakens the Councils as a decision-making institution.

To co-ordinate developments in the municipal field the Russian municipalities have organised their collective representation to various bodies. There is a Union of Russian Cities, a Union of Small Towns of the Russian Federation and an Association of Local Authorities in the Russian Federation, together with several regional associations. Since 1998 there has existed a Congress of Municipal Entities of the Russian Federation, formed by more than fifty associations. For instance Dr. Timo

Linkola regards the Congress as the most representative Federation-wide organisation of Russian local authorities.

**Summary of key points:**

- Russian Federation consists of 89 administrative regions, or Subjects of the Federation, allocated since May 2000 into seven Federal Districts
- The Subjects are made up of altogether six constitutionally differing types of administrative entities, but all of them are collectively called as 'regions'.
- Regions are ruled by Governors, whose positions have changed during the course of changes in the Federal politics.
- President of the Russian Federation, Mr. Vladimir Putin, has recently narrowed their formal political and administrative leeway.
- The current number of municipalities in the Russian Federation is ca. 13 000
- The division line between municipalities and non-municipal areas of local administration is partly fluctuating
- There are different processes of municipality-creation taking place with region-to-region variations, but a *rayon* ('district') between the Subject and the localities can be taken as a key unit while modelling the creation of municipalities in the Russian Federation
- In some regions with typically liberal attitude towards local self-government since the early 1990s, small localities have now become combined into *rayon*-level municipalities
- In more conservative regions with more restrictive attitudes towards local self-government *rayon*-level administrative entities are still disintegrated into small locality-level municipalities
- It can be predicted that the small localities will not be able to cope with the tasks assigned to the Russian municipalities, and will have to reintegrate into larger entities.

## 4 Strategic Guidelines and Implementation Structure

Co-operative activities between Sweden and Russia are conditioned by Sweden's foreign policy priorities and guidelines, as well as the country-specific guidelines set out by the Ministry of Foreign Affairs. These guidelines are intended to act as practical implementation support for all actors involved in project activities in Russia. More detailed implementation support is also provided in the form of further practical or methodological guidelines drafted by Sida (Sida 1999: *Information till svenska parter*.)

Current guidelines for Swedish policy in Russia are outlined in *Landstrategi Ryssland* (Utrikesdepartementet 1999), dating from 1999 and valid until the end of 2001. Preparations for the new strategy are under way, though major changes are unlikely in the short term, especially as the biggest changes in the coming years are likely to result from EU enlargement and its impact upon the countries of Central and Eastern Europe, including any knock-on effects that this may have on relations with Russia. In addition to the Russia country strategy, the key strategic documents outlining the goals and working methods in the area of this evaluation include *Strategy for the development of democratic societal development and respect for human rights in Central- and Eastern Europe* (Sida 1996) and the Report on co-operation with Central- and eastern Europe from 2000 (*Uträdning om samarbetet med Central- och Östeuropa*). SALA IDA is currently also preparing a strategy document for municipal development assistance.

Current co-operation with Russia has four main priority areas:

- Promotion of the notion of a security community;
- Deepening of Russia's nascent democratic culture;
- Support of socially sustainable economic transformation; and
- Support of environmentally sustainable development.<sup>4</sup>

Deepening democratic culture has, under the current strategic guidelines, involved support for rebuilding local administration and enhancing autonomy, particular emphasis being placed on raising awareness and changing attitudes amongst decision-makers in local and regional institutions and other local structures. Whilst local autonomy is an important prerequisite for democratic development, it has been explicitly stated in the strategic documents that the level of ambition in this area should be set high, with successful forms of co-operation (St. Petersburg and Kaliningrad being named examples) being extended to other regional centres in Northwest Russia. In addition to concentrating on civil servants and their education, notions of civil society are continually referred to. (Utrikesdepartementet 1999, 12–15.) Specific reference is made for example to improving the involvement and commitment of women in these activities.

Particular geographical emphasis is put on North-western Russia, in particular St. Petersburg, Archangelsk, Murmansk, Pskov, Novgorod, Kaliningrad and the Karelian Republic. Moreover, the importance of Russian co-operation is likely to increase in the near future, as financial and func-

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<sup>4</sup> Northeast Russia is referred to as a particular geographic priority area and the action programme for Northern Dimension is also referred to. Local democracy is not explicitly referred to in the action programme, though implicitly this can be seen as encompassed in the objective of pursuing cross-border institution building and creating networks between for instance local and regional governments. Also importantly for the evaluation at hand Kaliningrad is referred to as an area 'deserving special attention' (Council of the European Union 2000, 5 and 38.) Though the Kaliningrad policy may not have much meat on the bone as for yet, work towards more substantial priority-setting is under way, which is likely to be reflected into the decentralised forms of co-operation as well.

tional emphasis is gradually shifted from the Baltic states and other EU candidate countries benefiting from EU instruments such as ISPA, and eventually – after accession – the normal instruments available to EU Member States (e.g. the Structural Funds), whilst continued support to countries outside of this group (in particular Russia) is maintained through the use of traditional national policy instruments.

The goals identified above are pursued through the utilisation of domestic resources and capacities by transmitting knowledge and the exchange of experience in areas within which Sweden can be seen to hold particular expertise. Areas of co-operation are intended to be such that there exists a mutual interest for both parties to such co-operation (*Uttredning om samarbetet med Central- och Östeuropa*, 43).

The practical guidelines provided for Swedish project partners includes a checklist for those drafting project proposals, which can also be viewed as an indication of the areas of special emphasis in project methodology. These include:

- Relevance, i.e. is it clear which development problem the project is seeking to address?
  - Result orientation, i.e. is the proposal aimed at clearly articulated goals and is it likely to deliver the expected results?
  - Logical construction, i.e. is there a clear connection between problem, objective and the activities to be undertaken?
  - Risks, i.e. does the proposal address the risks, which can affect the implementation and ways of dealing with such possible risks?
  - Feasibility, i.e. is the division of roles and responsibilities between the implementing actors clear and credible?
  - Long-term perspective, i.e. does the partner country take sufficient responsibility for the implementation of project activities such that after project is concluded, lasting effects remain?
  - Cost-effectiveness, i.e. could the result be achieved in a less costly fashion? For instance, projects and activities which could be financed on a purely commercial basis cannot receive funding.
- (Sida 1999: Information till Svenska parter, 7–8)

As these factors are routinely highlighted to all actors involved in project work as early as the planning stage, implementation of individual projects is likely to reflect such objectives in most cases. The project partners on both sides are aware of the existence of the priorities, though it would seem that some dimensions have however received less attention relatively speaking from the project implementing actors, as will be seen later in the report. (See chapter 5.)

### **The decentralised implementation structure**

The Ministry of Foreign affairs is naturally situated at the apex of the implementation structure, thus providing the broader political guidelines and priorities. The 1995 reforms of the implementation structure of Swedish development assistance included the merging of a group of connected organisations into one single entity, namely, Sida (*Styrelsen för Internationellt utvecklingssamarbete*) in order to increase the financial and functional efficiency of assistance activities. Sida's Department for Central and Eastern Europe is the organisation which is responsible for the financial allocations to, and functional administration of project work in the area in question here.

Project activities are undertaken within the decentralised implementation structure, involving regional and local actors, as well as private consultants and experts. Whilst governmental guidelines and priorities are the main instruments of priority setting, the decentralised actors also have their individual strategic guidelines which are subordinate to the national strategy.

In the area of local and regional development, functioning as the International Development ‘arm’ of the Association of Local Authorities, SALA IDA acts as the main co-ordination partner of, and link between, the Swedish local authorities and Sida. SALA IDA’s strategy for municipal development in development assistance dates from August 2000, and is currently being updated.

The activities of SALA IDA range from those of a consultative nature in partner countries, to that of supporting the various processes establishing national associations of local authorities, and the activation of voluntary organisations. Their main priority is however the provision of support for local democracy, which is seen to consist of the following dimensions:

- Clear division of responsibility between administrative levels in the country in question
- Bottom-up – perspective
- Co-operation between administrative levels
- Competence on all levels
- Citizens’ participation and influence. (Langbakk 2000, 4)

Such decentralised forms of co-operation have their advantages ranging from finding the right expertise required in any given situation, to strengthening and expanding good governance and local democracy beyond national borders. Important aspects of co-operation in this area also include the creation of positive prerequisites for public support for these forms of co-operation, and for enabling the eventual shift from foreign assistance to normal forms of established co-operation between neighbouring countries and co-operation partners.

#### Summary of key points:

- Swedish policy in Russia is outlined in Country strategy for Russia (*Landstrategi Ryssland*) for 1999–2001, which identifies the following priorities:
  - Promotion of the notion of security community
  - Deepening of Russia’s nascent democratic culture
  - Support of socially sustainable economic transformation
  - Support for environmentally sustainable development
- In drafting project proposals particular attention is to be given to the following issues: relevance; result orientation; logical coherence between problem, objectives and activities; risks; feasibility; long-term perspective and cost-effectiveness.
- Dimensions of SALA IDA’s activities in the area of support for local democracy include:
  - Clear division of responsibility
  - Bottom-up perspective
  - Co-operation between administrative levels
  - Competence on all levels
  - Citizens’ participation and influence

## 5 Local Democracy: a View from the Decentralised Swedish Perspective

### 5.1 Overview

Perhaps the most important conclusion that emerged from most of the interviews was that of the usefulness of, and need for, local democracy projects in contemporary Russia. Despite the acknowledged multitude of different project activities currently ongoing in Russia, it was felt that the issue of overlap or ‘redundancy’ in the areas in which SALA IDA has been involved was not significant.

Most of the actors interviewed at the implementation level (consultants and experts) also shared a certain optimism regarding local democracy in Russia. Yet equally a consensus prevailed on the need to further develop and embed such attitudes amongst civil servants and citizens. It was generally felt that the best way to do this was by setting a positive example and by contributing to a wider realisation of the advantages of a functioning local democracy. Whilst agreeing on the existence of a clear willingness to change attitudes and learn new working practices and methods amongst those participating in the projects in Russia, the Swedish experts were often sceptical as to whether the level with which they co-operated is the one from which such willingness for reforms can be channelled into concrete changes (i.e. level of responsibility question).

A further general comment that could be made regarding the factors influencing planning and implementation of project activities (in particular in the Kaliningrad and Novgorod *Oblasts*) was that the legislative situation is relatively encouraging – with the necessary legislation already being in place, but to cite one of the partners ‘even the nominal existence of democracy and confidence in the justice of the system is lacking’. Such ‘power games’ involve all levels of administration, systems remain extremely hierarchical, and questions over the dominance of certain personalities often become problematic. In this light, the goals of project co-operation should be ‘realistic’ and set accordingly. The aim should be to set the stage for transformative developments leading to the possibility of fundamental reform. At the same time it should be noted that the Swedish co-operation partners were relatively optimistic in their assessment of the administrative situation in Kaliningrad, feeling that the project *had* made a difference in this sense.

One of the key achievements in this area is thus the establishment of a functioning, though still modest Association for Local Authorities in Kaliningrad and in the Karelian Republic. The role of such an organisation in promoting ‘local democracy in action’ through lobbying for similar organisational solutions amongst the other Russian regions was generally perceived as an important step forward. Such organisational innovations were seen to be of particular relevance in raising awareness on the importance of local democracy.

The nature of many of the (sub-) projects concentrating on the diffusion of ‘best practice’ and raising awareness is in fact such that the results are difficult to evaluate at least in quantifiable terms at this early stage. For instance in the case of the project entitled, ‘Support to the Kaliningrad *Oblast* Duma in relation to local election law’, the assessment of the results is likely to take place only when a significantly longer time period has elapsed and when the Russian counter-parts themselves have tested the lessons in action. When asked, Swedish participants referred to positive comments and first-hand reactions from the Russian side, stating that the quality of the political and administrative practices and the individual in-puts of those who had participated in the project activities had



already improved. Whilst the projects evaluated here are closely connected to administrative structures and institutional practices, the most critical aspects often hinge upon human resource development and even individual competence enhancement within these institutions. In this light it is important to note that the first spin-off projects are now underway i.e. new educational projects such as one targeting young voters during autumn 2000, and which can be seen, at least partly, as the fruit of earlier Swedish project activities.

One of the clearest indications of the success of projects has been the fact that Russian regions and localities within which Swedish projects were undertaken have themselves become disseminators of project experience amongst their neighbouring regions. For instance Kaliningrad has been a recipient of study visits from other Russian regions following the implementation of the Swedish projects. Such developments are as good an indication as any of the concrete effects of such projects that succeed in out-living the limited time frame of projects themselves. The fact that such forms of institutional learning have taken place, enabling the dissemination of endogenous 'best practices' is in itself an encouraging sign for projects partners on both sides.

In terms of the results themselves, the Swedish partners usually saw them as 'surprisingly positive'. Success was however often viewed as a relative concept. Project workers often did not believe success-rates to be particularly high, though many noted in their own evaluations and after discussion with the Russian partners that they subsequently realised that the project had made more of an impact than was immediately apparent. For example, the growing awareness of accountable and traceable budget processes was an important step in this regard, being in itself a prerequisite for successful administrative reform at the local level. The lack of clear budgetary processes, in addition to expenditure assignments is undoubtedly one of the key problems embedded in the present Russian 'administrative complex'. Need for further work in this area is obvious, as indeed was acknowledged by the Swedish experts themselves. Specific areas in which further co-operation is needed include equalisation systems;<sup>5</sup> computerisation of the budgetary processes as a whole; and the training of politicians *as well as civil servants* in financial management and accounting (as this sphere is fundamentally politicised and process-oriented, and thus should not be viewed as merely *technical*);

In some cases the lack of the technical infrastructure needed to simply implement the 'Swedish model' places certain limits on what can or cannot be achieved. It was argued by some Swedish experts however that unless this infrastructure is provided as an integral part of the project then significant questions over the feasibility of such the projects would remain. Though this was not a view shared by all, such forms of co-operation should be considered which address *both* the institutional learning and policy awareness issues *and* the availability of the necessary material infrastructure and other such resources.

In some areas (such as equalisation systems and social minimum standards) projects were actually more successful than the project plan foresaw. This was largely thought by the Russian interviewees to be due to the high levels of expertise shown by the Swedish partners in this area, though their Swedish counter-parts on the other hand emphasised the significant contributions made by their Russian colleagues. Undoubtedly the full commitment and participation of both parties is required for such co-operation to produce results. It does seem in any case that these experiences offer further support to those suggesting the need for further specialisation and concentration on those issues and policy fields where Swedish expertise is at its highest.

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<sup>5</sup> Despite the introduction of equalisation systems, there are persistent forms of non-transparent transfers, which also provide a disincentive for sound budgetary management at the sub-national level.



In some cases Swedish expertise was actively utilised and even further accumulated by the Russian counter-parts, though in others, the Swedish experts felt that there was often neither sufficient expertise nor commitment available on the Russian side. Moreover it was felt by many of the Swedish experts that the establishment of local expert groups could be central to the creation of such a commitment, yet in some cases it was also felt that Swedish participation in the work of the 'expert groups' was closer to that of the role of mentor. It was noted by some Swedish experts that the very concept of 'expert' itself, as it was understood in the Russian context, seemed to differ from the Swedish understanding, (for the Russians an expert is someone working within a specific field, though not necessarily someone possessing 'expertise' in the Western understanding of the term). This is another reason why it is important to have participants on the Russian side from as high a level as possible.

In general the Swedish partners were optimistic as to the organisational or social spillover effects of their projects. In fact it was often argued that one of the key results of the SALA IDA projects was the creation of a forum for co-operation and debate for politicians and civil servants representing the differing levels (regional, i.e. *oblast* and local). The development of co-operative relations, personnel problems notwithstanding, was thus seen as an important achievement. Indeed in some cases, the extensiveness of the networks created by the Swedish projects has, for example in Kaliningrad, been able to sustain momentum even though the local political leadership of the locality in question changed. This is particularly advantageous for project implementation, as changes in leadership can often have drastic consequences for project work.

In the case of Kaliningrad, network creation was seen to have resulted in the emergence of a more positive working environment, which is rare elsewhere in Russia. It also resulted in the unique situation in which local self-government is actively promoted at the *Oblast* level. As was noted by one of the project-participants interviewed, the question is now more one of *how* to make localities more independent rather than *whether* they should be so. Though the Swedish project activities are not solely responsible for such developments, they have contributed significantly to this networking process, which has resulted in the creation of a more open working environment across the various levels.

## 5.2 The efficiency of project implementation

Whilst the negative consequences of the limited local resource base were acknowledged as a hindrance, some were of the opinion that it had potentially positive consequences. Limited resources can necessitate the rationalisation of available resources by bringing representatives of different administrative levels, as well as politicians and experts around the same table, as was the case for instance with projects undertaken in Kaliningrad. This was one of the key lessons for all project work sponsored by the Swedish authorities: rather than a 'tubular' structure therefore the projects should be developed in a much more interdependent fashion, activating all of the relevant working partners from administrators to politicians. In this fashion, such projects can contribute to the accumulation of social capital and institutional learning, rather than simply being assessed on the criteria based around limited instrumental objectives.

It was acknowledged by many of the Swedish partners interviewed that the practical limitations and problems in the implementation process were often due to the complexity of local administrative practices (e.g. the taxation system), as well as to a lack of clarity in issues of responsibility. It was felt by some of the experts that problems were often caused by national differences in prioritisation, which were not perhaps recognised in advance. A number of key administrative areas (e.g. account-

ing) have traditionally been low-status, predominately female-dominated areas of activity, resulting in the fact that relatively little effort has been put into developing modern administrative organisation and work-practices in these areas. This regrettable situation is however gradually changing, partly due to the projects undertaken in this field: people who have worked in such areas have recently been promoted, and the situation is now becoming significantly more dynamic. Projects can thus be said to have indirect, though potentially lasting effects on the local value systems within such administrations. Working practices have in fact developed, though there remains much to be done in terms of decentralisation.

The key issue referred to in many of the interviews was the need to improve co-ordination. The prerequisite for both functioning co-ordination of any type, and priority setting at the lower levels, is *political priority setting at the governmental level*. Though this is a matter that the project-level under evaluation here is unlikely to have an impact on, it is important to realise that the commitment of political leadership to project priorities is a prerequisite for successful project planning.<sup>6</sup>

The way in which a project is initiated and in which the planning stage implemented can have important consequences for the success of project work as a whole. It was argued, based especially on experience of the Kaliningrad case, but also on experience gained in the Karelian Republic, that the gradual initiation of project activities and the particular attention paid to project planning does, in the end, pay off. As the project is gradually extended, sufficient time can be found for confidence building between the partners and for the identification of local needs and the utilisation of local resources. Where project planning has not however been undertaken as a process-oriented assessment of the over-all situation, and in particular of the risks involved, the implementation of the project and the achievement of results are often simply left to chance. Yet project methodology, including an assessment of potential risks has been a particularly strong focus area in the past, and thus there should be a reasonable level of awareness on the need to be more conscious of the demands in relation to such project management instruments. Two key issues were consistently referred to by the Swedish experts, namely, the identification (and avoidance) of potential risks, as well as the adoption of the perspective necessary to achieve long-term changes in attitudes and practices and results which outlive the external project funding.

In the case of Novgorod, the impact of the project initiation phase on the actual form of co-operation and on the achievement of results was particularly pronounced. The initiation of the project was potentially problematic, as the initiative came through the diplomatic path, rather than via the usual co-operative track. This novel model of project initiation suggested the need for a particularly careful project planning -phase, including the proper utilisation of the Logical Framework Approach-method. (The utilisation of such methods is relatively rare, though undoubtedly project planning in all its forms would benefit immensely from its consistent application.) The questions that implementation of the project in Novgorod raised were rather different from the norm, having more to do with the very motivation of the project itself. Namely, 'how to furnish this project?' rather than 'what does this region most need?' Ultimately however the Novgorod case indicated that even the best project planning methodology cannot replace the simple 'bottom-up' initiation of such co-operative schemes. Utilisation of LFA or similar methodology must therefore be accompanied by the sufficiently early involvement of a wide array of relevant actors in the planning process.

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<sup>6</sup> The transparency of priority-setting and level of ambition, as well as the length of the project cycle are much wider concerns than the evaluation with a limited focus here and has in the recent past been referred to in various instances, for instance in the foreign ministry's official report on co-operation with Central- and Eastern Europe. (SOU 2000:122)

As became apparent during the interviews, failure to utilise such an explicit planning instrument was not a rare occurrence, as in reality, few projects benefited from the utilisation of methodological instruments of this type. The issue most in need of strengthening was however that of *risk analysis*. On the other hand it was advantageous that most of the projects evaluated benefited from previous experience, as they represented stage II or even stage III of project work, rather than completely new initiatives. No doubt the gradual extension of such project activity (e.g. Kaliningard project) is the best way to pursue policy goals necessitating a long-term approach. Moreover, local democracy and institution building typically require an incremental approach in order to be successful.

Despite the existence of different initial stages however, the project implementation experience gained by each of the Swedish partners appeared to be positive. The fact that project planning did not take place in ideal conditions could have potentially hampered the efficiency of such projects. The Swedish partners however saw the sub-projects as both useful and successful in light of what they were set out to accomplish. It was acknowledged by some experts that due to the unorthodox method of project initiation however more effort was needed at the project planning stage than is usually the case. No doubt it also required particularly careful co-ordination by SALA IDA, as well as by the consultants they used. As was pointed out by a number of the Swedish experts, it is at such critical junctures that leadership and co-ordination abilities are really tested. Little consensus emerged over project planning in general, though most interviewees did agree upon issues such as the need for greater flexibility and the need for alterations where local circumstances change. Whilst some saw the project planning process as conceptually insubstantial and insufficiently structured, others saw it as overtly hierarchical on occasion. This may have to do with the fact that in new co-operation areas (such as in Novgorod), existing institutional networks are not yet as dense as elsewhere. As Novgorod was a new geographical area of co-operation for SALA IDA, the more informal network contacts usually relied upon were, at this stage, rather limited.

In terms of the educational events organised within the various sub-projects, a number of concrete conclusions could be drawn and then applied more generally. These include the advisability of limiting the number of participants to approximately 20, in order to achieve the full benefits of 'networking', in addition to the obvious pedagogic reasons. A number of courses also included a list of tasks to be undertaken after the course events themselves had concluded, such as evaluations of the course and its usefulness, regional analyses to be undertaken by the participants themselves or similar forms of utilising expert groups formed as part of the project. Such activities are undoubtedly useful as part of the institution-building process, and help to ground projects more firmly in the every-day administrative practices of the participating regions. They do however require forms of follow-up to be assuredly profitable for the participants. (Further discussion on possible forms of follow-up can be found in Chapters 9 and 10 of the report.)

As for project planning and implementation, the Swedish partners felt that the lack of a 'common view' was often transparent, as the Novgorod side appeared more interested in technical support such as equipment for distance-learning (computers etc.), than the actual exchange of experience and less 'tangible' though nonetheless important material project components. As distance-learning is viewed as one of the regional areas of expertise in Novgorod, the willingness to link other project activities to it can thus be seen as justifiable. Ideally such project activities are developed in the context of an incremental consensus-oriented process that allows for the identification of goals and available resources in the planning of feasible project activities. In the Novgorod case however Russian experts felt that a number of their project ideas were turned down quite unconditionally by their Swedish partners. Such muscle flexing, though this is not to 'second guess' those making such decisions, did not help to build a positive environment for discussion and interaction (this was

particularly so concerning ideas dealing with practical support and training in the area of public-private partnerships). The fact that the project turned out to be quite training-oriented was partly due to the fact that the role of the North Western Academy of Public Administration (NWAPA) was so strong: the introduction of the project in question was no doubt also seen as a business opportunity by NWAPA, and as the head of NWAPA was also the leader of the project, he also ensured that the necessary commitment to the project objectives was maintained.

Most seminars and study visits were viewed as both useful and ultimately successful project elements. What was it however that made them particularly successful, one may ask? Undoubtedly the answer to this question lies in the attitude and commitment of the participants, in the successful identification of the right target group, and in the high levels of professionalism and commitment shown by all the parties. Problems relating to project implementation were however also identifiable, especially with regard to the follow-up stages. Possible follow-up in this regard fundamentally depends upon the ability to put together a further project, as no automatic follow-up structures were included within the current projects as such. When asked about the continuation plans however most Swedish partners were reluctant to provide direct answers, as they felt that the continuation of the project should be assessed in terms of the expressed needs of the Russian partners.

### 5.3 Lessons for Future Projects

Most of the problems that emerged and the weaknesses that were identified in project implementation were of a practical, often mundane nature. Occasional language problems, the low standard of technical infrastructure or meeting localities were viewed as mere inconveniences rather than real problems.

This is not to say that the need does not remain for such practical questions to be addressed. In fact the level of the recipient regions' linguistic resources should in itself be addressed as an issue of some importance. Most experts agreed that it is vital to find participants and assisting staff that have the requisite linguistic abilities. Yet they also acknowledged that the identification of such human resources is often problematic. In such cases it seems only natural that an informal database of available personnel with specific expertise in certain policy areas be set up as soon as possible.

Moving beyond this point it is also noticeable that there have been some signs of 'project fatigue' in the regions, in particular in Novgorod and Kaliningard. The efficiency of project implementation structures and practices enabling the assessment of local needs in the receiving localities and the regions is therefore also of particular relevance.

In cases where the 'ground work' on the support for local democracy (in terms of legislation and using civil servants as 'gatekeepers') has been largely completed, particularly in Kaliningrad. Emphasis should therefore be shifted to the level of the citizens themselves. Activities aiming at incorporating democratic practices into every-day life may involve local measures and information campaigns aimed at citizens themselves. Areas slated for further project co-operation involve more concrete, practical measures, such as learning about how local organisations and associations work (meeting techniques, organisational conflict resolution etc.), informing citizens about local self-government and their potential role in it, and basic training on political decision-making.

In cases where Associations for Local Authorities have already been established, they should be more fully incorporated into future project activities. They are the most natural counter-parts to SALA IDA, and their co-operation potential can be further developed beyond the regions discussed here. Undoubtedly, untapped potential remains in clarifying and strengthening the role of regional

Associations for the Local Authorities and this an area in which SALA IDA's particular expertise should naturally come to the fore. The Russian Associations for Local Authorities could provide some of the co-ordination support and assistance in identifying new areas for co-operation, for instance through the introduction of specific theme-groups in the AMKR, which can then co-operate with their Swedish counter-parts.

Furthermore, a general consensus prevailed on the need to utilise more fully the expertise available on the Russian side. Additionally, the possibilities inherent in schemes of local co-financing should be identified where applicable. Though the lack of available resources renders this quite difficult to achieve, it was nonetheless argued by the Swedish experts that this might contribute to further strengthening the degree of commitment on the receiving side. Basic economic realities and concerns over project management may however complicate this unnecessarily.

Another lesson learned was the need for greater flexibility. Changes in the project timetable for instance must be possible during the implementation period. Otherwise money may be wasted where changes unavoidably do occur and cannot subsequently be taken into account without the deployment of major additional administrative resources. The degree of flexibility available seems to differ on a case-by-case basis: in the case of Karelia, the restructuring of co-operation and the re-directing of funding was possible, whilst in the case of Kaliningrad similar opportunities did not seem to be available. This may ultimately depend upon the different approaches adopted by the co-ordinators responsible for different regions at Sida.

The exchange of experience and the dissemination of 'best practices' must also become more permanent and systematic, which in itself relates to the question of 'continuity' brought up by many of the interviewees. The projects themselves should, as a matter of course, foresee and propose some form of 'follow-up' and install some network maintenance functions for which the local partners would become responsible. The practical realisation of this is naturally dependent on the local partners, though with some further thought it could perhaps be incorporated into the project work itself.

Not directly related to the project evaluation *per se*, though an interesting point to consider on its own merits is the considerable resource-base that Swedish local authorities in fact gain through such project activities. Most of the Swedish partners were aware of this, and felt that it should be more fully exploited. Part of these resources are naturally gained by the private consultants working for SALA IDA on the projects in question, though they remain directly accessible to the local authorities, with which the consultants often have close connections in any case. Some consultants however voiced their concern that whilst the Russian side learns a great deal about the Swedish local government, co-operation is very largely a one-way street, and the Swedish public remains as ignorant and suspicious of Russia as ever. The possibility of disseminating accurate, up-to-date information on the state of Russian local and regional administration should therefore more expeditiously be taken advantage of in order to maximise the utility of project co-operation.

**Summary of key points:**

- Observations on project environment and planning amongst the Swedish actors include for instance the following:
- In most cases, there prevails a clear sense of optimism as to the possibility to promote local democracy in Russia.
- This optimism is sometimes dampened by difficulties in identifying the relative centrality of power structures and distribution of responsibilities, as well as by perceived power games between the different levels and occasional dominance of individual actors within these structures on the Russian side.
- The development of Associations of Local Authorities (e.g. Karelia and Kaliningrad), even if these still remain quite embryonic in nature is seen as an important step in the process towards working local democracy, which also allows for the emergence of a natural counter-part for SALA IDA.
- Spin-off effects can be identified, which seems to support the choice of strategy in this area. One important spin-off is the creation of new fora for discussion amongst the local and regional actors, which would not exist without these projects. Such social networking effects were seen as particularly important for the long-term objectives.
- Areas of activity to be developed further include equalisation systems, computerisation of the budgetary processes as well as the budgetary and accounting process as a whole, training of politicians and civil servants in financial management and accounting. Institutional learning –oriented projects should when possible be accompanied by developing the material infrastructure and other similar resources.
- In terms of planning the future projects, one needs to pay more attention to the utilisation of Russian expertise, as well as to greater flexibility. As we are dealing with an area where there are no quick fixes available, there seems to be no point in developing and implementing the projects in a too restricted and inflexible fashion.
- In order to benefit fully from the previous project experiences, more attention needs to be paid to long-term continuity, learning and follow-up methods.



## 6 Recipient Perspectives on Swedish Assistance

In assessing whether the Swedish consultants were successful in finding relevant areas of co-operation with the Russian counterparts, and whether the work methods chosen to accommodate the co-operative action were appropriate, it seems justified to conclude that we are dealing here with well-managed and successful interventions.

This straightforward assessment is based on feedback gained from an extensive series of interviews with the Russian partners who had themselves significant experience of co-operation with Swedish and other international partners. Even when explicitly prodded towards open, yet constructive criticism, the interviewees categorically refused to point out major deficiencies in their co-operation with Swedish partners. Problems were identified, but the interviewees emphasised the readiness and capacity of the Swedish specialists to alleviate them. This is a sign of cultural competence – not necessarily a general quality shared by consultants from some major European countries. Moreover, such positive feedback was received from all three regions and the Moscow-based Congress of Russian Municipalities, irrespective of the particular topic of co-operation or individual consultant(s) in question. As such, this can be taken as a strong indication that the basic approach taken by the Swedish consultants was correct and that it has indeed facilitated co-operation.

In what follows, the opinions of the Russian recipients (e.g. participants to study visits or local co-ordinators) and stakeholders (facilitating administrative bodies and/or other actors) are studied in more detail, whilst the data is organised under three thematic headings.

### 6.1 Results of the Co-operative Activities

#### General Overview

The general feeling among the Russian recipients was that co-operation had resulted in visible advancement. It was noted by several interviewees, such as Mr. Kovshov, former director of KALA, that co-operation had received a positive evaluation in assessments made by local actors for the recipients' internal use. Even in the cases in which co-operation activities were still under way, and thus final results were lacking, it was noted that the process itself showed signs of leading to positive results.

A particularly clear indication of the 'process-based results' of the SALA-organised activities is the cluster of opinions that emphasise the 'new concept and overview of local development' or the 'changes in the strategic way of thinking' as outcomes of co-operation. According to Mr. Kuznetsov, Vice-Mayor of Petrozavodsk (formerly of Kondopoga), analyses of different administrative systems have contributed to a clearer and better understanding of what role local administration should adopt. In addition, it should be noted that an important knock-on effect of raising social awareness and enlarging the politico-administrative knowledge base is the ability to better envisage alternatives, and to more easily construct ways of choosing between them.

Results have also been achieved through use of the 'city twinning' processes. Mr. Gulijev, Deputy Minister of Labour and Employment for the Republic of Karelia was, in his previous position, attached to the housing and municipal engineering project in the city of Medvezhegorsk, which was carried out with Swedish assistance. In this regard he was quick to emphasise the utility of the policy advice, support and the decision-making processes he had previously encountered, pre-dating the technical upgrading process. The integration of complex administrative and governance capaci-

ties and basic technical solutions into an overarching general management model was also emphasised by Mr. Bystrov of Novgorod *Oblast* Administration. He participated in a housing/district heating project which involved, in the first instance, a study visit to Örebro as the representative of his organisation. It is hardly coincidental that similar observations were also made by the Swedish project partners, who referred to this study visit as a particularly successful one.

Study visits have as such been the preferred method of introducing Swedish administrative practices to Russian officials – particularly if we regard city twinning schemes as institutional frameworks for more detailed co-operation in various fields. Moreover they have been complemented with the dissemination of experience, knowledge and information through the use of seminars, as well as via support to publications. Use of such fora was seen as a quick and cost-effective way in which to increase the circle of actors who can turn the direct outcomes derived from a limited project into longer-term results and policy effects.

### **'Actual Results' – Institutional Changes**

The results achieved through SALA co-operation, as assessed by the recipients themselves, can be divided into large-scale or principal institutional renewals on the one hand, and concrete or more detailed practical policy/governance issues on the other. Due to the highly technical character of some of the individual projects, their achievements and variations over the time and location of their implementation, in what follows we will detail only a few selected examples, with the main attention being directed to the process of bringing about new approaches to the structures of governance within the administrative apparatus.

At the constitutional end of the scale we find that the drive towards 'Federation-wide benchmarking' among the case study regions, has benefited from Swedish assistance. Since the beginning of the democratic era in post-Soviet Russia, the Legislative Assembly, or the Parliament, of the Republic of Karelia has been known as a progressive legislator and a visionary renovator of regulatory frameworks. Indeed, Mr. Kovshov maintains that local self-government first emerged in Karelia in the early 1990s, and it was the first in the Russian Federation to go down this path. Moreover, Moscow is fully aware, Kovshov continues, that the Federal level and the other Subjects of Federation often lag behind the level of development achieved in Karelia.

In this environment, the Republic of Karelia adopted a Law on Social Minimum Standards, followed by the preparation of a Law on Budgetary Processes, now being processed in the Karelian Parliament. Both of these legislative initiatives were greatly influenced by the Swedish partners who were credited for their readiness to spend valuable time in finding a common terminology, thus aiding in the conceptualisation of the problem to be solved. Indeed, Mr Chazhengin of the Legislative Assembly goes as far as maintaining that the 'brain-storming' work carried out by the Swedish specialists helped to turn a conceptual problem into a legislative initiative. Over the financial year, the Republic's budget is constructed on the basis of social minimum standards, which means that some of the key concerns of municipal development which were previously overlooked by the Ministry of Finance, have now been turned into a format that can be embedded in its operational logic.

Another example of an issue with a larger regional impact can be found from the co-operative efforts with Kaliningrad. The Region's association of local authorities (AMKR) was established in 1997 with the initial steps taken by the *Oblast's* municipal managers. Until the emergence of Swedish assistance this organisation had a minimal staff (a director and a secretary) and had no clearly defined goals or operational guidelines. Thus, as was noted by the current Director of AMKR Mr. Gimbitski, Swedish assistance emerged at a particularly opportune moment as far as the setting of the organisation's agenda was concerned. Moreover, a study trip to Sweden confirmed a number of



the conclusions made by those active in building up the AMKR, and helped them to develop new ideas on how to use it.

The mission of the newly empowered AMKR, as has been noted earlier, became that of uniting municipal decision-makers in their attempt to counteract the *Oblast's* former Governor. In the current situation, with Mr. Jegorov as the Governor, the AMKR has been afforded better opportunities to acquire a more proactive policy agenda. According to Mr. Gimbitski, its optimal target would be to adopt the role of a consultant in strategic planning or even that of a strategic planner for the *Oblast's* municipalities. The problem, he however acknowledged, is that not all Russian municipalities behave in such a 'strategic' manner. Moreover, the very idea of strategic planning appears to have lost favour amongst municipal decision-makers – a phenomenon that will be further commented in Chapter 7.

On analysing the strategic planning 'skills shortage' across the Kaliningrad *Oblast* as a whole, Mr. Gimbitski concludes with an observation that should be taken into account in all project activities, namely the sensitivity to prevailing local and regional circumstances and their distinctiveness. Due to the *de facto* differing contents and aims of administrative practices that superficially appear to be identical with their counterparts all over the world, Russian institutions cannot simply be viewed as a conceptual 'Russian image' of some universal or general model found in all democratic societies. As Mr. Gimbitski noted, a municipality with a 'Swedish or generally Western mentality' would simply not survive in the Russian political environment.

### Individual Project Achievements

As we are dealing with relatively small projects, it is inevitable that many of their results are of limited scope, though they do of course have a clear local significance. This is especially the case in areas not highly prioritised by the Russian administrative apparatus itself. A good example of which is the area of gender issues. Dr. Boijchenko of the Centre of Gender Studies and the Karelian Ministry of Social Affairs emphasised the importance of contacts with Swedish/Nordic experts, and the emergence of new operational ideas developed through this networking arrangement. Innovative solutions in personnel management and accounting, both of which had a troubled past under the Soviet administrative system, were successfully introduced within the co-operation framework, as was noted by, among others, Mr. Veljev, from The City of Sortavala.

Major achievements were also made in the process-related aspects of organising the practical steps of co-operation. This topic was raised in a team interview in Novgorod with Dr. Andreyeva, Mr. Lavrentjev and Ms. Urtaeva, among others. They emphasised that the methods and techniques of organising an expert training session, with a good combination of theoretical topics and practical examples, as well as the provision of high quality training materials was something that was not typical of the Russian training tradition. This, they continued, added value to the basic fact that the information content of the sessions was high, and the methods of presenting and elaborating upon the issues discussed took into account the varying knowledge and experience backgrounds of each of the individual participants.

Many of the projects implemented in the Kaliningrad *Oblast* focused on highly practical issues such as HIV, or training given to the civil society sector, which has actually contributed to the founding of some new NGOs. Ms. Maximova and Ms. Vishnyakova of Kaliningrad City Hall, who participated in the NGO training sessions (they interviewed the participants selected for training), gave the Swedish trainers a glowing assessment for their good performance. They also noted however that the experience shows that a thorough and comprehensive feasibility study can be a critical factor encouraging good performance. As an example they raise the issue of the financial projects, and in

particular, one dealing with accounting. For historic reasons, as was mentioned above, the Russian accounting system and accountancy theory remain outside the realm of conventional Western practice, and as such are still largely carried out by hand. To illustrate the difficulties in carrying out such a project in this field one must understand that the Swedish accounting system operates not only within a different operational logic, but also in a heavily computerised environment.

In such cases however, the interviewees remarked, the Swedish consultants were quickly able to discover the root causes of the problem. On occasion however problems may arise that are not so easy to address. Ms. Gourova, Deputy Mayor of the City of Kaliningrad remarked in this regard that sometimes the study visits to Sweden, however informative they may be, just took too long. Many professionals cannot afford to be away from their offices for two weeks at a time – as of course is the case in Sweden too. She thus emphasises the achievements reached by projects carried out locally, such as NGO training, through which civil society bodies were given information as to how to organise and carry out projects and processes, how to make budgets and proposals and the like. She also raised the issue of the reforms that have been carried out in the City budget department, one of which is designed to increase the possibilities for younger specialists to acquire new skills.

## 6.2 Reasons for the Level of Achievements Reached

### Overview

The main factor contributing to the high success rate for Swedish-Russian co-operation, indicated by several interviewees – among others Mr. Chazhengin of the Legislative Assembly of the Republic of Karelia – was the remarkable willingness and strong commitment of those who participated in the project implementation. There appears, however, to have been a downside to this emergence of a circle of strongly committed enthusiasts that can be generalised in other cases as well. Enthusiasm does not necessarily lead to spill-overs and new positive action. Mr. Chazhengin maintains that no new actors or organisations emerged in Karelia or Sweden to mark the steps of advancement taken in co-operation.

Mr. Chazhengin does however continue by noting that the overall timing of the SALA projects has been consistently good. The relationships between the Federal powers and the Governors has however remained turbulent, thus weakening the Governors' role and giving more operating space to the municipalities as local democratically elected political communities. This is obviously one of the key factors underlying the success reached of the SALA projects. Mr. Kuznetsov of the City of Petrozavodsk notes the changes in 'psychological understanding' of people who participated in the co-operation process. The drive towards a new developmental trajectory emphasising such possibilities as arenas of local decision-making and governance has moreover obviously imbued the recipients with the necessary endurance capabilities to enable them to strive for reforming solutions, as they now feel that success lies in their own hands. In the Kaliningrad *Oblast* this however entailed a significant level of confrontation with the Governor's Office.

The question of spread or leverage effects is crucial here but also one that is difficult to gauge. In local cases such as that of Medvezhegorsk in Karelia, changes in key policy makers did not entail an end to co-operation. The successor to Mr. Gulijev, (the former Mayor who had initiated co-operation), was co-opted in the process, he was kept well informed throughout, and thus he was interested in developing further links beyond the well-established relationships. An altogether different scenario however occurred in Kondopoga. According to Mr. Kuznetsov it was the change of city management and, primarily the low level of commitment to continuing co-operation shown by the new

administration that was the single most important reason for the sudden deterioration of co-operation there<sup>7</sup>.

In some instances the interviewees expressed a degree of criticism towards the perspectives opened up in the seminars and in the overall mode of elaborating the cases. A view prevalent among some participants in SALA projects from all target areas was that training apportioned too much weight to the Swedish cases and to Swedish experiences. It was also noted by some interviewees that the projects were predominantly constructed around the Swedish way of thinking, both generally and with regard to local administration. Yet, the Russian and Swedish models differ rather dramatically from each other. The Russian model, as it was often noted, is much more centralised than the Swedish one – even if in some cases, such as in Karelia, it may be, *de jure*, even more de-centralised, giving municipal entities a greater degree of freedom than in Sweden. This, one may maintain, is a key argument to internalise in order to ensure the better design of such joint projects, and for projects where training Russian counterparts is an issue. Interestingly enough, similar comments were made by the Swedish interviewees themselves who also argued for the need to make better knowledge of the Russian administrative system more widely available in Sweden, where Russia is often still viewed in simplistic Soviet terms.

Yet one also needs to be cognisant of the fact that it is natural or even unavoidable for experts from a particular national background to base their project activities on such experiences. Whilst the experts are necessarily limited by their personal professional experiences, the regions benefit from the advantages of a varied and international project base, learning from many different systems and adopting those aspects which best suit their region.

Input on this last point was also provided by Ms. Vasilieva of the World Bank's (IBRD) Moscow Office. According to her a typical mistake made by Western consultants is to underestimate the abilities and skills of their Russian counterparts. Many interviewees, among others Mr Bystrov (Novgorod) and the entire interviewing team headed by Mr. Grazhdankin, Vice-Governor of Novgorod *Oblast* administration, were however keen to note that this was not typical trait displayed by the Swedish partners, and that the Swedish organisers of study trips and seminars were highly professional, aiming at dialogue rather than monologue. This was yet again a point that came through particularly strongly in discussions with the Swedish counterparts, some of whom were concerned that not enough use was made of the local Russian expertise. This was largely seen as resulting from the fact that the project-planning stages were not a sufficiently co-operative endeavour between both countries' representatives. There seems to be a genuine need therefore to bolster efforts to ensure that projects are planned in closer co-operation with the recipients, and in the context of a wider partnership.

Finally, an issue that was raised by many interviewees and that directly relates to another topic, is the occurrence and spread or 'spill-over' effects beyond the original group of participants, dealt with in this report in relation to the question of volumes of participants on training or study-trips. The problem became critical in the context of co-operation *vis-à-vis* Kaliningrad. In this case it was

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<sup>7</sup> There are some difficulties to accept this argument, though. The change of the city administration may not be the single cause of terminated co-operation, but rather another reflection of a process that also led to the termination of co-operation. Mr. Kuznetsov was not willing to present any further arguments about eventual changes in the state of local finances at the time of termination. However, there were certain misgivings among some Swedish consultants about the real reasons. The co-operation focused on local financial management at the time when the local forest industries turned clearly profitable, generating revenue to the local economy. In these circumstances, the sceptics presume, the local administrators became unwilling to share information about the financial situation with foreign specialists on public economy.

practically impossible to re-contact the elected deputies who had participated in the study-trips. The reason being that in the most recent elections many of the deputies who visited Sweden, were simply not re-elected, meaning that they could no longer be reached for re-interview through official channels. This situation highlights a potentially crippling, and rather ironic, deficiency in the study-trip strategy, where those trained with scarce resources can be easily 'lost' to the system through the vagaries of the nascent Russian democratic process. One should however bear in mind that whilst elected representatives and administrators change position, they do not (in most cases) change regions, and therefore that they can continue to act as information resources and knowledge disseminators in their new positions. In general the selection of project and study trip participants seemed to function relatively well, and the participants remained well motivated. Though on occasion, changes in personnel and political positions can undermine the development of the institutional resources of a particular authority or public body, more often than not, such resources remain on hand in the region, albeit perhaps in another institution. As such, a positive approach to adopt in this case would be to embrace the notion that a more diversified spread of institutional capacities can only be beneficial to the region in general.

### **The Relevance of the Swedish Experience**

Given the fact that in many instances the Swedish institutional structure differs quite dramatically from the Russian one, it can also be asked to which extent the Swedish experiences may be applicable in the circumstances prevailing in the Russian reality. The interviews revealed several cases in which there were structural or systemic incompatibilities that either made it hard to apply the Swedish operational models – however viable in their own institutional environment – or hampered the implementation of *per se* relevant projects.

The more modest degree of computerisation in the Russian municipal accounting units than expected by the Swedish specialist, as referred to above in the context of the City of Kaliningrad, is one example. The sensitivity of some projects to changes in local administrative structures, as it was also referred to above, in the context of Kondopoga local finances project, is another one. The third example of structural 'friction', introduced to the debate in Novgorod, was the question of material or technical differences, such as that in district heating pipelines and their materials. As these rather superficially selected examples reveal, there is a wide variety of *potential causes* one has to be ready to meet that may require some consideration as to the compatibility between needs and solutions having developed in two different sets of circumstances.

It seems justified to presume that much of the problems such as the ones described above would not have to constitute a serious impediment to effective project implementation. Problems, however, tend to emerge, if individuals and organisations that participate in co-operation deliberately let for instance technical details curtail their approaches and perceptions of what should actually be achieved. This may be a threat also here even if those planning and implementing international (development) co-operation projects should know better. One of the sad origins of 'white elephant' projects around the world has been the aim of processing the technical details in recipient countries to the minute to emulate the more developed or 'superior' solutions achieved in the donor countries.

One of the means adopted by the globally operating institutions and individual members of the donor community to finally bring this frustrating history to its end has indeed been to focus on capacities to govern. A quarter of a century ago it was fashionable to postulate that instead of a fish a person on the verge of starvation should be given a fishing rod. These days we should say that instead of giving a fishing-rod the international assistance should aim at helping to develop relevant solutions for catching the fish in a way that provides the largest possible utility to as many as possible

in a community, and to do it in a sustainable way. Thus, the very idea of focusing on administrative practices should be based on the idea of prioritising on topics, approaches and measures in which the key issue would be 'governance' as a mode of organisational behaviour in a democratic society and in all its forms: capacities to think strategically, prioritise and plan; negotiate and program; monitor and evaluate.

These aspects are important due to an elementary feature of Russian local administration, often hard to grasp on the basis of Western administrative thinking in which responsibilities given to one actor are typically accompanied by sufficient resources to carry out these responsibilities. This is not necessarily the case in Russia. As was argued by the Vice-Governor of Novgorod *Oblast*, Mr. Gradshdankin and his management team, the Russian local authorities have been given a wide variety of functions, such as health care, law enforcement, support of small and medium-sized enterprises, and property management, but no sufficient resources to carry out these functions. Several rates and tariffs of locally organised services are set on the Federal level. This, in turn, makes it impossible for instance to cover the costs brought about by investments to technical infrastructure through payments collected from the beneficiaries of the improvements made.

It would be easy to interpret inter-budgetary relationships such as the one described above as being 'merely' part of the overall political power-game between the Presidential and Federal administrations on the one hand and the regions and localities on the other. By so doing they could be seen as something that does not need to be taken very seriously in joint projects, because skills such as better accounting or managing the municipal housing stock are needed in all institutional conditions, anyway. In a sense the kind of reasoning as appears to underlie the SALA project preparation is correct. This is particularly true assuming that a Western-style rationally organised and functioning administration is to be incubated from the present situation. Yet, the present situation does not give too much leeway for 'rationality' as it is understood in the Western administrative thinking, particularly as the long-term functionality of the administrative system is undermined by seemingly built-in mechanism that deteriorates the municipalities' financial basis.

However, this is not to deny the need to strive for better modes of governance on the level of bureaucratic practices and day-to-day municipal services. In the best cases the number of potential and actual beneficiaries of such projects may be remarkably large, and they *can* remarkably alleviate the hardships faced by individual citizens in their everyday life. The core of the problem lies elsewhere. To cherish the realist approach to the prevailing administrative reality in the Russian Federation might at its worst abolish the moral foundations of actively supporting actors such as the AMKR, that deliberately chose to stand against the then Governor due to the fact that his vision of the Kaliningrad *Oblast's* future was not how the municipal decision-makers were willing to see it. Here the position represented by the municipalities was easy to understand through the Western rational thinking, and also given the context of integrating Baltic Sea Region as a part of the European meta-process of transnational regionalisation.

In this case the SALA-promoted co-operation with the AMKR and the way in which it contributed to a wide networking between the municipalities of the Kaliningrad *Oblast* and Southern Sweden was a major achievement in itself. It helped to introduce the grass-root administrative actors of the *Oblast* to one of their natural reference groups. At the same time it helped to increase the pressure that led to changes in the *Oblast* administration. The performance of the present day *Oblast* administration led by Mr. Jegorov will show if empowering AMKR in its campaign turns out to be the most significant of all Swedish activities in the North-western Russia. Anyway, it gives an indication of the importance of visionary activities – which may also be regarded as high-risk ones. Yet, the point

here is not to speculate with potential success or failure involved in individual projects but their capacity to embed new thinking into the prevailing administrative structures – the very core of focusing on governance as a field of international co-operation.

There are signs that the new thinking is gradually gaining momentum, as Russian officials have become more selective and capable of strategic project planning based on their previous project experiences, as well as more reluctant to accept externally determined ready-made co-operation schemes. Mr. Friolov, Vice-Chairman of Kaliningrad *Oblast* Duma, went so far as to fiercely stand against the idea of projects with a ‘humanitarian’ orientation. It was not the negligence in the face of the verging democratic and humanitarian crisis in the Kaliningrad *Oblast* due to the HIV and drug abuse, but the disgust at seeing a Russian region to behave and appear as a passive receiver of support. He insisted that progressive initiatives should be made, most essential projects that could benefit from international co-operation prioritised and Russian responsibilities *vis-à-vis* the acute social problems and their alleviation defined in a way that leads to positive action.

Widening the scope of co-operation, forming twinning relationships between communities, demonstrating the Swedish way to promote the local self-government may indeed turn out to have the most profound impact on the level of introducing the *culture of organising the functions of a society from below*, based on a given community’s value bases, but carried out 1) in co-operation with other levels of government and 2) non-governmental actors.

### Project Implementation

As has been described above, the overall recipient perception of the SALA-led projects was very positive. This evaluation was particularly given to the Swedish consultants used as lecturers and experts in the projects. There are two broader categories of implementation-related problems, though, both introduced to the discussion by Mr. Gulijev, Deputy Minister of Labour and Employment of the Republic of Karelia: the time and the personnel. Both of the two issues can be taken dissected into more detailed sub-issues, but there is also a notable linkage between the two of them.

One of the origins of the problem is, once again, the nature of changes in the Russian administrative and other organisations. Waves of reorganisation follow each other and key persons are replaced with new ones. In these circumstances the project duration is easily seen as too short. As a change of persons in charge takes place, the successor of the original person in charge may not necessarily have enough time to get involved in the process. Sometimes such a phenomenon can be seen on the level of the entire leadership of a given municipality. This happened in Medvezhegorsk, in which the administration elected during the project implementation decided to focus on social security as its main field of concern instead of housing – an area in which there was already a co-operation project going on. A potential means to alleviate this problem, as suggested by the team of interviewees led by the Vice-Governor of Novgorod *Oblast*, could be a longer-term involvement in co-operation processes that would facilitate ‘cultural learning’ attached to the core issues of co-operation.

The question of longer-term involvement would bring some new problems into the process. It would obviously require a more process-oriented way of thinking instead of entering the developmental scene with project-by-project strategy, which is easy to review and redirect when needed. As long as the available development scenarios are difficult to identify, degree of commitment to project goals set in quite general terms requires a ‘leap of faith’ from the donors. Yet, for instance Mr. Jurjev of KALA emphasised the process aspect itself as one of the main contributions of the co-operation: a possibility of Russian regions to get connected with Swedish regions (e.g. Karelia and Västerbotten) and their (expertise on) strong local self-government traditions.



This view was also shared by a Novgorod interview team led by Dr. Andreyeva, Deputy Chair of the *Oblast* Duma. It emphasised the need for information on working methods and instruments used by Swedish municipalities and regional entities to promote the issues prioritised on these actors' own agendas. Keen co-operation and joint processing of the topic would be needed in order to find ways to not only transfer but translate the feasible elements of the Swedish model into the Russian institutional environment so that they could be implemented in it. The interview team suggested such kind of co-operation as a potential new form of Russian-Swedish co-operation in the field of governance reforms. The Swedish interviewees, on their part, suggested setting up a data base or some other organised data collection and dissemination forum to provide assistance to concrete project activities.

One of the most typical forms of SALA-organised projects was studytrips. According to the interviewees this form of implementation worked very well. The programme during the trips was well organised, and the social programme such as cultural events were generally well integrated into the substance issues studied during the trips. The professional level of Swedish organisers, lecturers and other specialists was seen as high, and their cultural competencies of good quality. No particular cultural collisions were reported, but once again it was argued that a more active participation and involvement of Russian specialists as contact persons would have been seen as an advantage in preparations of programmes. The interviewed participants of the study trips all denied that the trips would have been some form of tourism. Some complaints were heard that they were, instead, too strictly structured. However, in some instances it was also mentioned that the Russian participants to the trips also organised their own sessions, without the Swedish hosts, to discuss the issues dealt with and their potential conclusions.

A question that was raised in the context of implementation of all projects and referred to also in this report was the number of participants to training. Even if the participants generally had to report the outcomes and impressions from the various forms of joint activities, problems occurred in the dissemination of results. Changes in elected bodies and administrative staffs have already been mentioned as one source of discontinuity. Another problem can be derived from the scarce time resources of key civil servants as participants of the study trips. One possible solution to this problem, based on the comments of Ms. Gourova of Kaliningrad City Hall and Mr. Bystrov of Novgorod *Oblast* Administration could be shorter and more targeted study trips. It may in fact be worthwhile to consider organising thematic joint training processes to be offered for *participants from more than one case region*. This could improve the inter-regional networking among Russian professionals, and serve in seeking, finding and comparing various solutions that have proved to be feasible in the Russian institutional environment in one or another Subject of the Federation.

### Cost Effectiveness

The last argument presented above has to do with cost effectiveness of co-operation. Based on opinions of participants to study trips, seminars and other forms of joint action it can well be maintained that the resources well allocated in a responsible way. Several of the interviewees were of the opinion that all that was projected for the study trips or seminars was also achieved. Many of them, however, were not willing to analyse the issue due to the fact that the Russian partners had no role in the project cost management. The Swedish partners also referred to this as a weakness, though naturally from a slightly different viewpoint. According to them Russian co-financing should be introduced into the projects as soon as possible to provide additional resources, but more importantly to ensure a higher all-around degree of commitment from the Russian side. The main argument of the Russian interviewees on cost effectiveness was based on the overall perception of how the project was carried out and the projected results accomplished.

The main ‘complaints’ of the interviewees that have to do with the use of resources and the output derived from it were twofold. First of them had to do with the perceived utilisation of ‘unpaid expert work’ required from the Russian experts, especially in the preparation of the study tours. As some Russian respondents saw it the Swedish organisers depended here on Russian input, but no budgetary means had been allocated to compensate it. Similarly it was argued by some that not only the Swedes but also some other donors underestimate the adequate levels of compensations on services provided by the Russian specialists. Particularly the interviewees representing Moscow-based institutions mentioned this problem. The issue is most relevant in Moscow and St. Petersburg, the cities with highest wage levels and cost of living, but given the volume of grey economy in Russia, it would be badly misleading to rely on official income statistics while determining the budgets for specialist fees in any part of the Federation. For instance the Congress of Russian Municipalities complained of problems covering the interpretation costs of a two-day seminar due to the fact that the resources budgeted to this service covered only the costs of the first day interpretations. If project planning is made into a more thoroughly co-operative exercise, this type of problems will most likely cease.

The second problem indicated by the interviewees dealt with the question of disseminating information referred to quite often in this report. A very practical and certainly cost-efficient method suggested by some of the interviewees was to use the Internet and websites established as low-cost means to spread the experiences, conclusions and actual project documentation among larger recipient communities. This would be particularly valid in the case of representatives of peripheral *rayons* facing major financial difficulties while trying to reach those having participated in the seminars or study visits for an exchange of experiences and eventual recommendations based on the relevant Swedish cases studied.

## 6.3 Future Perspectives

### Overview

Many of the interviewees were keen to offer suggestions as to potential new areas of Swedish-Russian co-operation. These ideas were mostly based on findings or impressions of the implemented projects with their successes as well as their eventual shortcomings. Quite a few of the interviewees mentioned an evaluation made among the participants or stakeholder groups of the SALA-led interventions, and without exception the evaluations they mentioned showed highly affirmative results.

In Section 6.2 the problem of disseminating the jointly processed information was one of the main causes of discontent among the interviewees. It could be complemented with the due *spread effect* of information as results produced to a wider beneficiary community, and the *leverage effect* based on these results turned into positive action by the beneficiary community. Thus, more attention to the dissemination of the results was one of the key messages received from the interviewees. These ‘information management’ needs are a close relative to more specified ‘knowledge management’ needs also expressed by some of the interviewees. Unlike the information management, based mainly on dissemination of the information about experiences and innovations originated by the co-operation, the knowledge management approach builds on more analytical value-added derived from the information.

Knowledge management perspective emphasises, for instance, the linkages between the experiences and innovations on the one hand and the terms of their applicability in the Russian institutional context. Some opinions with knowledge management flavours touched upon the possibilities to



solve the spill-over or spread effect problems through co-optation of Federal *Duma* members or Moscow-based experts to the circles co-operation. The third example of information management widened to a more analytical knowledge management approach was an idea to benchmark the best practices reached with the now implemented projects. Another benchmark approach was to concentrate on the best features of the Swedish examples processed and to determine the gap that has to be closed between the prevailing 'Russian model(s)' and one feasible example of a highly developed North/West European model of locally based social governance.

### **New Co-operation Agendas**

New areas and agendas for co-operation will quite obviously be brought about by the partly foreseeable changes among the municipalities. In Karelia and Kaliningrad some interviewees assessed that the numbers of these Regions' municipalities would be in an increase. The reasons underlying this potential restructuring in Kaliningrad have already been discussed above. In Karelia at least one new municipal formation could emerge within the next 5-10 years below the current *rayon* level and consisting of a group of villages. This could be the case even if a past experiment dating back to 1994 with one independent village council having attempted to form a municipality was not an encouraging one.

It is quite obvious that the recent experiences from the Swedish and more generally Nordic ongoing processes of partly creating (Sweden) and partly restructuring (Finland, Norway) of regional administration could be of considerable interest and use in the Russian regions and localities. Thus, the co-operation already initiated between the KALA and Västerbotten Region on the one hand, and the AMKR and the South Swedish SSALA may turn out to be major networks to facilitate co-operation on this potential new field of institutional restructuring. On the other hand some interviewees made it clear that it is not only the administrative practices related to the institutional renewal that are at stake while defining the new territoriality of Russian local and regional administration, and that should be seen as a feasible arena for future co-operation.

The main argument behind this reasoning is that in the Russian regions there is not enough knowledge of the parameters 'determining' the optimal size of a self-governing municipality. Mere geographical characteristics are not enough in this determination, but people should also feel comfortable with the reference community hence created. Municipalities can be empowered with legislation and they can be even adequately resourced with budgetary decisions, but the final question remains: can they function? This functionality is, after all, measured with the local authorities' capability to provide the inhabitants with services in an accessible way and through a transparent decision-making with regard to the allocated resources – all issues that are in Russia still in their transformation phase. Thus, it is no surprise that the question of defining the size of municipalities and tasks to be allocated to them turned out to be a potential area of future co-operation.<sup>8</sup>

A great number of potential new project proposals were rather conservative modifications of the projects carried out until now. One of their common denominators was the need of comparative information to determine the actual differences between the Swedish and Russian models and the steps to be taken if the Swedish model would be taken as a feasible benchmark. Typically the respondents who had participated in one type of training (study visits/seminars), on for instance budgetary matters, municipal housing or gender issues, were willing to go deeper in these topics. This is naturally encouraging with regard to their impression of the quality provided by the Swedish specialists used.

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<sup>8</sup> It is worth noting here however that the debate on optimal size of regions and municipalities, as well as their tasks and responsibilities is an equally pressing concern and keenly debated issue in Sweden and other Nordic countries. This further emphasises the need for wider exchange of experiences and debate on the issue.

What is important to note is that in many instances the interviewees deliberately started to elaborate the entire question of future co-operation based on the recent co-operation with its existing achievements and not with visionary perspectives or arenas *not* covered in co-operation with any international partner. This can be interpreted either as willingness to keep on the ‘tested track’ that has resulted in good experiences. On the other hand it can be interpreted in some sort of ‘rent seeking’, carefulness in the face of setting priorities, or actually not to prioritise any potentially achievable projects out by accidentally suggesting a project idea that does not fit in the donor’s own assistance portfolio.

### Swedish Experience Needed

Even if the interviewees had certain difficulties in – or at least reservations for – prioritising the most essential issues for future Swedish-Russian projects on local administration, they were ready to define the areas on which they saw the Swedish expertise as particularly useful. It is interesting to note that some of the themes were presented in an exactly same format in different regions and by persons that had participated in different training/study trip programmes and co-operated with different Swedish partner institutions or contact persons.

Most typical of such themes is the question of inter-budgetary relations, determination and management of financial flows between the local/*rayon* level on the one hand and regional (republic/*oblast*) level on the other. This theme was linked to a need to create equalisation policies among municipalities with different resource bases and hence different possibilities to carry out the duties assigned to them. In a sense this is an issue of Nordic/Western style regional policy within the Subjects of Federation. Here it was seen that the opinions of relevant Swedish representatives from different levels of administration, including the central government and the *landstinget*, would be needed. However, some interviewees emphasised the need of basing all thematic extensions to the already established networks and good co-operation that was already taking place between the Russian and Swedish localities, organisations and individuals.

The question of inter-budgetary relations as a field of further co-operation on which the Swedish expertise was seen as particularly relevant stands for a *financial* dimension of a broader family of reforms. It is accompanied with a clearly more bureaucratic, governance or *policy* dimension of defining the division of powers between the levels of administration. In this instance the question of defining the optimal size of the municipality as well as a thorough analysis of the recent reorganisations in the municipal field, what forces have directed the transformations until now and what has been resulted from them. The third interconnected approach to utilise the Swedish competencies and expertise is the *political* dimension. Here the key issue would be to focus on the election processes and the mechanisms of empowering the local self-governing entities as political communities. The views of Swedish and Russian counter-parts here are surprisingly similar, which augurs rather well for the formulation of future project areas, as consensual views on project priorities and needs form an ideal point of departure in project planning.

In some cases it is obvious that the *image* of Sweden as a welfare society prioritising several key aspects of high human development contributed remarkably to the interviewees’ assessment of the Swedish expertise needed to support the developments in the studied Russian regions. Partly this was due to the interviewees’ own fields of specialisation, partly to their ‘personal agendas’ or agendas of the organisations they represented. Yet, irrespective of the speculative motivations the final end for bringing some themes to the discussion seems to be to aim at importing specialisation, competencies and transformational pressure to areas of societal debate under-prioritised by the Russian political and administrative elites. For instance the gender issue – and even more to the

point equality between the sexes – is not necessarily an issue perceived similarly to ‘western’ traditions. Another traditionally less prioritised topic, and particularly so in the former Soviet organisational thinking, is human resources management. A distinction must now be made with the traditional Soviet model focusing on personnel management with control, reward and punishment functions as key issues and the contemporary Western model with the weight on an approach linking together the needs of an organisation, the competencies of an individual, and the developmental measures to bridge eventual gaps between the two first mentioned. In the context of the current evaluation, the personnel/human resource issues can be brought to the core of functionality of the Russian administrative entities – and in fact their capacity to govern.<sup>9</sup>

### Summary of key points:

- The Russian recipients generally regarded co-operation with the Swedish partners as well organised and successful.
- Visible results were reported both in the context of single interventions such as study trips or technically updated recipient organisation facilities and *vis-à-vis* introduction of new institutional approaches and innovations.
- The institutional capacity and readiness within each region in question is a crucial issue here, and for instance the Republic of Karelia as a major forerunner in imposing institutional renewals has been particularly well equipped to process the Swedish input in the field of institutional renewals.
- Interventions have not, however, always led into new institutional set-ups that would have been major factors promoting sustainability of results reached through co-operation: enthusiasm and commitment to co-operation are no guarantees to positive spill-overs and sustainable results.
- Spill-overs and leverage effects are important issues to be taken into account in the future activities – including also the knowledge accumulated to Sweden.
- Recipient organisations may be involved in several simultaneous power games to gain influence/control over local social processes, with some of their multiple agendas obviously serving the goals set for ‘our’ co-operation, others necessarily not.
- Changing local and regional power constellations remain as the single most notable risks while assessing the operation environment, as the change of top management leads to changes throughout the administrative structure.
- Russian and Swedish political realities and systemic set-ups differ radically from each other, and cases based on Swedish experiences may not always be very relevant in Russia.
- This calls for enhanced joint planning of interventions and selection of cases studied within the training/upgrading/development processes.
- Selection of best possible combination of recipient-side representatives is an important process, and reinforcing of networks among participants to the co-operation activities can be seen as a major step to promote the intervention sustainability.
- There are some obvious conceptual problems that may considerably slow down the adoption of new administrative practices:
  - rationality as understood in Western administrative thinking;
  - governance as a broad overarching concept that includes a wide variety of practical issues dealt with in the individual projects;
  - strategic planning as a tool in determination of goals and selection of ways and allocation of resources to achieve them.

*cont.*

<sup>9</sup> It may be worth noting here that though some more democratic empowerment -oriented activities within the wider field of human resources fit well in the SALA IDA concept and field of activities, many human resource management sub-fields, less clearly connected to local democracy tend to fit better in with other actors’ field of expertise.

- Some Russian regions or organisations and individuals in them are already showing signs of 'project fatigue', simultaneously as the supply of Western expertise is being criticised of its heterogeneous quality.
- The recipients are more and more aware of the special skills to be expected from the international consultants. They are also supposed to show greater respect to the Russian expertise – and to acknowledge both the value and the price of Russian work input.
- The key theme in the future co-operation should be to better collect the various project issues under an umbrella of good governance and new administrative thinking as a more stable institutional structure of the society with positive spill-overs such as an enhanced business and investment climate.

## 7 Projects and Processes: Local Capacities to Govern

As a world power Russia has a great deal of strategists, specialists in operation analysis, and policy experts at its disposal. In this context the question of capacities to govern inevitably becomes a sensitive one. The picture changes slightly as we move beyond Moscow and move out into the Subjects of the Federation. The key analysts and strategists that hold governmental positions have roles in the multiple, internationally based networks of the capital city, and in carrying out their duties they do not often come face to face with budget difficulties. The regions however lack such 'global' duties – with the exception of a certain degree of freedom as regards cross-border co-operation with neighbouring states. Thus, Russian regions do not have the same kind of 'full-time' strategists working for them on questions such as regional involvement in 'international relations' and other such.

This causes a problem all too familiar in international development co-operation. A fundamental question arising from the study of ongoing international project activities in the Russian regions centres on 'local capacities to govern'. Moreover, can local capacities to design development strategies be accidentally over-looked or even degraded by benevolent donors? This question soon came to the fore in all three regions studied for this report. The most peripheral of them, the Republic of Karelia, is obviously the most poorly integrated into international networks. It must be remembered however that the Republic shares a common border with Finland. We should note however that Finnish industries, NGOs and individuals have promoted their interests and agendas quite actively over the last ten years – often based on historical linkages with the region – through small-scale cross-border co-operation in a way that has little to do with officially defined country-wide strategies. From this it follows that few instruments exist to co-ordinate such co-operation, which in general has contributed to the remarkable heterogeneity of the Finnish presence in the Republic.

Thus, even if Karelia is peripheral, it is far from being void of international contact. Yet, compared to these Finnish interests and activities in the Republic, Swedish interventions in Karelia have obviously been much more co-ordinated. Most of them also seem to have taken place in a highly organised manner supported by formal institutions in addition by linkages between officially defined public actors. In sum, the Swedish presence in Karelia in its most visible form seems to have been defined by (if not *derived from* or *subject to*) official Swedish national interests *vis-à-vis* developments in the Northwestern Russia. Questions can of course be raised as to whether this is good or bad, to the extent that it may be harmful to the need to develop local capacities to design functional developmental strategies. To find even tentative answers to this question we need, however, to look at the two other case regions, both of whom are linked to the international donor community more intensely than is the Republic of Karelia.

On comparison of international images of Karelia and the two other case regions one immediately discovers a striking difference – even though images of Novgorod and Kaliningrad themselves differ substantially, they still retain much that is common. With but a slight exaggeration one could well speak of 'Showcase Novgorod' and 'Ecocide Kaliningrad', particularly when considering external media images of these regions which often reflect conveniently stereo-typical views. Such dramatic regional 'branding' however gives a superficial indication of *why* these regions appear as project magnets and as the target areas of so many international organisations and other actors. In the case of Novgorod the explanation is simple enough. The *Oblast* can take advantage of the reputation of Veliky Novgorod as the Russian success story in the realm of locally led transformation processes. Probably even more importantly, during the 1990s Novgorod became a hallmark of locally induced

institutional stability and a welcome contrast to the worrying instability and the possibility for *retrenchment* across Russian society as a whole. Naturally, a success story in this sense continues to attract ever greater attention, and thus to generate continued success, particularly when the American business community ‘certifies’ it as a benchmark for Russian pro-market transformation.

The forms of international networking in Novgorod differ from those of many other Russian regions first and foremost because of the active presence of Western private enterprises in various joint venturing and direct ownership schemes. Moreover, such endeavours are complemented by Western service-providers, such as publicly owned venture capital funds and management development agencies, or by EBRD support for these industries. In the case of Kaliningrad however a quite different set of factors exists to explain its popularity among international donors. Moreover, the international actors themselves involved in Kaliningrad projects constitute a rather different set of interests when compared to those most actively involved in the transitions taking place in Novgorod.

In Kaliningrad first and foremost it is the international donor community – organisations particularly concerned with humanitarian and ecological issues in the region – who are on the ground. This concern is genuine, and the strong presence of these humanitarian organisations is anything but accidental. Such support is however far from being purely altruistic or philanthropic in its underlying motivations. In the foreseeable future the *oblast* will itself become surrounded by the soon to be ‘new’ member states of the primary European and North Atlantic institutions. In the West, the image of Kaliningrad is stained by terms such as AIDS, narcotics, prostitution and organised crime. For the West the obvious worst-case scenario, given these circumstances, is that institutional expansion to the east would see the *de facto* incorporation of an ‘island’ of instability. This, in turn, has encouraged a flood of benevolent organisations into the area, all with the proclaimed aim of fighting the pathologies persistent in the enclave.

Given these circumstances Kaliningrad has become an attractive ‘brand name’ for those organisations working on public health or environmental protection issues. Financing has thus been readily available for projects focusing on issues that have already stirred public attention. Some actors however are clearly suffering from ‘project fatigue’, as became clear for instance in an interview with Ms. Gourova from the City of Kaliningrad, who remarked that of all the projects run since 1992, the number of EU-financed projects in which the city has been involved was 18. When asked to specify the areas of project activity, she referred to ‘democracy, Ecos-Ouverture, CBC, *everything*’. Ms Gourova clearly understands that there is a flipside to the high project volume, as she raises the question of optimal use of specialisation in the face of the challenges met in Kaliningrad as a very particular Russian region. She remarks that even if the Western specialists generally acknowledged this particularity, they tend not to appreciate local expertise as much as they perhaps should.

Some respondents find this lack of appreciation for indigenous expertise particularly annoying, as it is often accompanied by the fact that the quality of the *Western* experts participating in such projects is not always of the best highest standard. Westerners, they maintain, try to portray themselves as specialists on whatever thematic area is on the agenda. This problem is also recognised by many Western professionals themselves who have lived in Russia more or less continuously over periods of several years. The basic problem here is a requirement for multiple individual competencies in a combination often uncommon among the pool of consultants available:

*Firstly*, an optimal specialist should have a solid professional background in a particular thematic field, such as local self-government in the case of this evaluation;

*Secondly*, s/he should be fluent in Russian (implying cultural knowledge) from the very beginning of the process, in order to get into the key issues;

*Thirdly*, s/he should be able to commit her/himself to a long-term process measured in years rather than in weeks, because such projects take time;

*Fourthly*, s/he should be ready to work in an environment that is generally harder, more challenging and less 'glamorous' than the alternatives offered in the West.

As it was mentioned above, this combination of skills and commitment is often hard to find, and the few Western professionals who would readily fulfil all of these criteria, are more than likely to have already been offered more lucrative positions elsewhere – perhaps in a management rather than a 'hands on' capacity. The question that *should* therefore be posed is: is the Swedish pool of experts available for these projects broad enough, or do criticisms relating to the labels 'jack-of-all-traders' or 'generalist consultants' have some resonance in terms of SALA-IDA led projects.

In most cases it is the co-ordinators who can speak Russian in SALA IDA projects, which can be seen as the minimum required. The linguistic capabilities of the experts involved in lectures and seminars are however likely to be secondary to their expertise in the substance of the issue area in question, and this has been the principle followed in recruiting such experts. The improvement of the English skills of the Russian project participants can also be taken as integral to co-operation as it enables them to become more familiar with the international environment in general. In fact it should be noted that many Swedish experts shared such notions of what 'ideal' project expert profiles would look like. It was however also acknowledged that as such extensive resources are rare, one has to prioritise the capabilities required, and in this case substance expertise outweighs linguistic skills.

The real problems may emerge, however, only after large-scale projects, carried out with second-rate expertise and possibly established with any sort of rent-seeking motivations start to block prioritisation and strategic planning made within an administrative entity. Staying with Kaliningrad, we can already see a change in attitude as regards the external 'project jungle'. It has already been noted that Mr. Friolov, Vice Chairman of the *Oblast Duma*, opposed any widening of the project activities in the field humanitarian issues, stating that it should be the responsibility of the region itself to determine how to continue. Whether or not 'the region' actually *has* the resources, or ultimately, the interest, to act as efficiently as the donors do to counteract the threat of a humanitarian crisis remains to be seen. The most important detail in his statement is the notion that Western projects are seen to design the actual policy agendas in a way that obviously differs from the way in which local decision-makers would do so. Such problems can naturally only be overcome with close planning co-operation between the partners across borders.

It is here that we come to a very important management and governance issue. To set policy agendas is largely to think strategically and plan for the future. Yet, in the Russian administrative context, particularly at the local level, the very concept of strategy is a controversial one. Organisations such as the KALA and the AMKR would obviously like to be strategic actors, working on large inter-municipal decision making issues that require co-ordination. However, this is not an easy task. To understand why such a utilitarian notion is not immediately adopted one must, once again, take into account the major changes that have taken place on all levels of the Russian administration during the last ten years. Many of the changes concern the role of Governors as an institutional



layer in the Russian administrative system. Trends towards a more regionalised Russia at one point in time, or towards a more centralised Russia at another can all be said to have emanated from the Gubernatorial administrative level.

Thus, while ruling the Subjects of the Federation, the Governors have become significant players in a highly personalised power game. In these circumstances the very idea of ‘working for the region’ or stipulating that the Subject’s administration should now seek to serve the interests of the region in question becomes rather difficult. A culture of strategic planning has thus been born that focuses predominantly on the interests and aspirations of a single decision-maker. Moreover, this system is designed to encourage the development of neither a collective nor a communicative process between the various stakeholders and the representatives of a multitude of interests. There *are* examples of strategic planning in contemporary Russia that have taken remarkable steps towards a more Western-oriented concept of strategic planning. St. Petersburg could be taken as an example here. However, within regions where significant disagreements have occurred between the various political spheres of interest, this has led to major discontinuities in the regional administration, as is the case in the Kaliningrad *Oblast*. As such, it must be understood that the first priority of every new Governor has been to consolidate his power in an environment still marked by the institutional heritage of his predecessor.

According to some of the interviewees, this culture of personalised strategic planning has also infected local decision-making. Regional associations have problems in trying to introduce new forms of planning, and when attempting to take up new roles as facilitators for joint strategic planning. Strategic planning in the cities is seen as relating to ‘intimate spheres’, meaning the mayors’ personal interests in administration. Thus, in Russian discussion, a strategy easily becomes interpreted as a personal working-plan. This is the reason why many Russians refuse to accept the term ‘strategic’ as a useful concept in the first place. Consequently, if a concept of strategic planning cannot be found that moves beyond such culturally bound notions of an ‘intimate sphere’ or ‘personal working-plan’ it will be difficult to adequately discuss issues surrounding the strategic development of these regions.

In such circumstances, the gap grows ever wider between the formal documents labelled as ‘strategic plans’ – given the needs of the international donor organisations – and the reality of activity on the ground. The long term impact of the unfettered continuation of such practices is obvious, deteriorating the local communities’ capacities to govern through use of the tools and concepts on which the Western approach to local and regional development was itself constructed. On contemplation of future project activities, this point may be an important one of which to take into account.



**Summary of key points:**

- The three case regions are differently connected with the international actors as sources of institutional innovations and renewal.
- Karelia is involved in relatively dense cross-border co-operation with Finland, whereas Novgorod and Kaliningrad are much more multinationally interlinked. Their international co-operation images can be branded as:
  - ‘Showcase Novgorod’; and
  - ‘Ecocide Kaliningrad’
- Thus, the three regions attract different kinds of co-operation resources:
  - Karelia: local and small-scale entrepreneurial;
  - Novgorod: more internationally oriented business;
  - Kaliningrad: humanitarian.
- In some instances the externally operated project activities may have had a negative effect on the local capacities to prioritise and make decisions on the future development.
- Thus the skills needed for enhanced strategic planning and local capacities to govern should be taken more to the foreground in international co-operation processes in the governance and democratic administration sector.

## 8 Towards a Synthesis: Fitting Together the Country Strategy and the Lessons to be Learned from the Local Cases

As any synthesis within the context of this evaluation is necessarily based on the more detailed sub-sections introduced above, the analysis undertaken here is based on these sub sections, ranging from the priorities set at the national level through their operationalisation (in possible sub-strategies and concrete project activities) to evaluation of the potentially relevant group of actors involved, as well as the co-ordination activities undertaken by these actors *vis-à-vis* these activities.

### 8.1 Level of priorities: ‘The Deepening of democratic culture’

As the deepening of democratic culture is an explicit strategic priority identified in the Swedish country strategy for Russia, the project activities undertaken by SALA IDA under the local democracy umbrella are clearly in line with this national priority setting. Beyond this observation however one can ask whether a shared understanding of what the ‘deepening of democratic culture’ means, actually exists, and whether the projects evaluated here are the ideal for this particular purpose.

Local democracy projects fit well in the Swedish project portfolio, where social sector and land cadastre have also had an important role. The Swedish experts interviewed felt that the Swedish local democracy was something that was seen as a relevant frame of reference and there was both interest in and respect for the Swedish local democracy model, which facilitated efficient project implementation and contributed to the creation a positive working environment.

The fact that Sweden has concentrated its foreign assistance activities on policy areas where its perceived expertise and *kudos* is considerable (i.e. environment and local democracy) can be seen as an asset, both in terms of the efficiency of project activities, and in terms of the Swedish image in the region. The Swedish experts interviewed felt that there was both interest in, and respect for, the Swedish local democracy model, which facilitated efficient project implementation and helped to create a positive working environment.

Many projects encompass concrete activities on specific administrative areas on the ‘output’-side of local democracy, i.e. dealing with service provision tasks and their organisation (such as financial and budgetary procedures, municipal utilities etc.). The Swedish partners considered this to be a well-functioning and pragmatic approach. The Swedish partners were clearly cognisant of the fact that the idea is not to ‘teach’ their Russian counterparts how things are done, neither is it to simply implement some further unspecified ‘Swedish model’, where infrastructure and resource limitations may render this impractical in any case. Rather, the idea is to share Swedish experiences and work together with the Russian partners in order to identify ways in which the Swedish experience can benefit them. This practical approach is in line with national strategic guidelines, which state that “when concrete improvements can be observed in the every day life on the local level, trust in reform policy will increase and advantages of democratic reforms and co-operation with the surrounding world are made more visible.” (Utrikesdepartementet 1999, 8.)

Though exportation of the ‘Swedish model’, especially in terms of local autonomy, is an important aspect of the project activities, the activities supporting local democracy seek to avoid the dangers inherent in the adoption of top-down implementation approaches. In so doing, the creation of *fora*

for co-operation and debate for politicians and civil servants representing different levels (central, regional and local) has been of key relevance. The projects have, in the view of the Swedish participants, resulted in a positive working environment, which can even be seen as rare elsewhere in Russia. In the case of Kaliningard region for instance, it was argued by Swedish project partners that project activities had contributed to the creation of a unique situation in which local self-government is actively promoted and sheltered by the *Oblast* level itself. As was suggested by one of the project-participants interviewed, the question now is more of *how* to make localities more independent rather than *whether* they should be so. Though the Swedish project activities are not solely responsible for such developments, they have significantly contributed to the creation of this networking process, which has resulted in a more open working environment between the various levels. It was further acknowledged that such positive local synergies are dependent on specific local and temporal contingencies, which may not enable us to draw more general conclusions on the power distribution between different levels in Russia.

There seemed to be wide reaching consensus on the most important elements of ‘deepening of democratic culture’, meaning more or less that beyond the information transfer the most important aspects of the projects actually have to do with increasing awareness and the changing of attitudes in ways that support the emergence of good governance and democratic participation. One area which seemed to be relatively weakly developed however was that of gender equality, at least as an explicitly set priority. Most actors involved in the project implementation saw this as a priority best pursued through the setting of positive examples in concrete forms of co-operation. The utility of the Swedish example in this sense may be somewhat obfuscated by the fact that most of the Swedish counter-parts involved in projects were men.

## 8.2 Level of Operationalisation: Forms of Co-operation Likely to Link Priorities to the Relevant Actors?

In addition to these changes in attitudes and the raising of awareness, emphasis was also placed on the legislative prerequisites for democracy. In some cases project activities were directly connected to legislative reforms (such as local election law in Kaliningrad), in others the connection may have been less clearly pronounced, whilst activities involve wider normative structures (such as social minimum standards in Karelia, budgetary or housing standards). A recurring general comment regarding the policy areas in which project activities were undertaken, particularly in Kaliningrad and Novgorod, was that the legislative situation is relatively encouraging – the necessary legislation required for functioning democratic governance is already in place, and also that projects undertaken did have a positive impact on such standards becoming more firmly established.

The question, in cases where projects have met with serious problems (such as that concerned with ‘Strengthening the administration of local self-government in Karelia’) emerges: how could such situations have been avoided? The fact that the Russian parties to co-operation have lost interest in the project in question may however be something that could not have been predicted in advance (for instance in the case of sudden changes in political leadership). Yet, as indicated by those who participated in the project, it may be something that could be avoided with closer co-ordination and planning undertaken with the Russian counter-parts. Only by so doing can the attitudes, wishes and doubts of each party be identified in a timely fashion (i.e. before resources are deployed in field-work). In any case, almost any form of international co-operation, even those with faultless co-ordination, are all subject to the whims of fate – ‘Murphy’s Law’ if you will – as such, surprises and unexpected setbacks do occur. One can however improve co-ordination to decrease their likelihood.

In most cases it seems justified to conclude that the root of such problems, where they occur, lie other than in the area of legislative limitations. To cite one of the partners “even a nominal existence of democracy and confidence in the justice of the system is lacking”. This revelation should not be entirely surprising, as such issues are at the very core of the strategic priorities discussed here. Fragile democracies are unlikely to have reached the stage of maturity in which civil servants, politicians and citizens in general feel confident about the functioning of democracy. It was seen as a recurrent problem by the Swedish partners that political power games seep down to involve all levels of administration, systems are extremely hierarchical and certain personalities dominate the scene, which hinders continuity and endangers the stability of the system. Many of the Swedish partners did however feel that these problems need to be acknowledged and accepted: once this reality is understood from the start, it does not constitute a hindrance to successful project work in the development of local democracy. The goals of project co-operation should simply be set accordingly (i.e. realistically enough) and the aim should be to set the stage for further transformation/possibilities for reform.

With the current degree of local democracy, much still remains to be done and therefore major shifts in emphasis are not needed. Work needs to be done in the areas of budget administration (equalisation systems; computerisation; training of politicians and principles and practices of accounting), housing (particular need to improve professional pride and the concomitant improvement of standards), general functioning and principles of local democracy and of decision-making within a democratic system (educating the citizens, creating forms of participative democracy, disseminating information on issues such as voluntary organisations and associations, their functioning etc.)

The question of how to operationalise support for local democracy beyond that of civil servants and politicians is however likely to emerge in the coming years, as the move from ‘educating the elites’ to working with the citizens themselves gradually takes place.

### 8.3 Level of Actors: Key Strategic Actors, or the Wider Public?

The need to incorporate *partnership* into project work was acknowledged by many of the interviewees ensuring the widest commitment to the aims of the project possible, and thus also ensuring that they are implemented and have a lasting effect on the local community in question. It is however up to the Russian counter-part to decide *who* these relevant parties are. The fact that external projects can contribute to the building of local *fora* for debate and co-operation should be promoted as one of the key advantages of such project co-operation and this should be a guiding principle in selecting the participants (to seminars, exchange of experience, study visits).

In terms of actors or counter-parts on the Russian side, particular value was seen in the emergence of Associations for Local Authorities within the Russian regions, which was itself influenced by the projects at hand, both directly and indirectly. This is directly relevant to SALA IDA's strategy and in line with Sida's guidelines (reforming the institutional structure at the central, regional and local level – Utrikesdepartementet 1999, 7). The role of such institutional actors in Russia was seen to be important both for the development of local democratic structures, and for the co-ordination of international co-operation activities in the Russian regions. There are naturally advantages in having a likeminded and similarly functioning co-operative counterpart. Though as has been argued earlier, the regions evaluated here differ in their propensity to support and sustain such institutional solutions. One of the potential advantages of SALA IDA's project activities is that they function as an institutional example which can encourage the emergence of similar structures,

enabling the local level to organise itself as an interest organisation. In future, the role of such associations will undoubtedly lie in the promotion of similar solutions for other Russian regions, which could potentially be important in widening both awareness of, and the eventual introduction of similar organisational forms elsewhere in Russia. Whether a Congress of Russian Municipalities emerges as a significant facilitative organisation between the regional/local level and the central powers is also an important issue for the future of the Russian institutional structure.

Local democracy is not merely promoted through the education and development of its institutional structures and the civil servants involved in these. It also entails raising the awareness of citizens *vis-à-vis* democratic participation and the level of civic education. Whilst the emphasis of projects in 1995–2001 has been on influencing and educating civil servants and elected representatives, the natural move in the next stage of project-work would be one encompassing more citizen-oriented activities. As democratic ideas and ideals become more embedded in the local/regional environment, initiatives for necessary project activities are likely to emerge from within this sphere. This has for instance been the case in Kaliningrad, where the actors previously involved in project activities from the Russian side have contacted Swedes and asked for assistance in getting more women engaged in the political life of Kaliningrad.

One of the guiding principles of such project activities is the perceived mutual benefit for both parties. The Swedish partners were aware of the fact that project activities were also contributing to their own competence development, and they were actually concerned with the need to further utilise the accumulated expertise in Sweden itself, beyond the scope of future project work.

## 8.4 Levels of Co-ordination

One of the key issues referred to in many of the interviews was the need for improved co-ordination. This issue in fact relates back to both the actor and priority levels, as these are in an interdependent relationship. A key prerequisite for both functioning co-ordination of any type, and priority setting on the lower levels is *political priority setting on the governmental level*. Whilst project activities can help to support the creation of structures such as the Congress of Russian Municipalities or the regional associations of local authorities, their achievements are likely to depend on significant levels of external support, and at the very least, a measure of acceptance from the central government level that there is a need to build on a clear priority of supporting local authorities. This also came through clearly in the interviews, as in particular the lack of such strategic guidelines and commitment on the Russian side was clearly seen as a destabilising factor. Though this is a matter that the project-level under evaluation here is unlikely to successfully influence, it is important to realise that, both in Sweden and in Russia, the political leadership needs to be the level at which priorities are set. Vagueness and unclear priority settings are likely to render co-ordination and priority-setting on the project level exceedingly cumbersome. Therefore clarity on all levels of priority setting is essential.

The balance between the roles of the Russian and the Swedish sides should be achieved through the co-ordination structure. On the project level, one concrete possibility for improved co-ordination would be the appointment of a local co-ordinator on the Russian side, who could possess co-ordinating functions at the local level for a number of projects. This could also improve the degree of local commitment, which could, according to the Swedish partners be further improved by the introduction of more substantial Russian co-financing.

Actors involved in project work felt that it is important to maintain the momentum of project implementation beyond the life of a particular project and its financing. It was also felt that co-

ordination is not maintained consistently enough and on occasion this causes momentum to be lost, as contacts between project partners degenerate. Though many of the Swedish counterparts have established extensive co-operative networks of their own, project co-ordination cannot rely solely on these, and the more informal networks and contacts should thus rather be viewed as complementing the more formal and permanent co-ordination structures.

A number of the project partners interviewed also suggested the organisation of more meetings and the intensification of exchanges of experience – seminars for Swedish partners (organised by SALA IDA) as a concrete and relatively easy form of improved co-ordination. These are indeed already organised and some interviewees felt that the current level of co-ordinating activities is already largely sufficient, rendering the ‘value added’ from such relatively loosely organised sessions as marginal. One issue that needs to be considered in this context however is the sheer geographical distances involved: Västerbotten region and its municipalities, and SSALA for instance, are both very active project participants and organisers, but organising common co-ordination activities for both quickly becomes an expensive endeavour. Yet the fact that project activities also have the network-creation function amongst the Swedish participants, not merely on the Russian side, is something that is also worth considering: positive institutional and organisational side effects thus emerge on all ‘fronts’.

Functional co-ordination requires a high level of awareness of the project methodology implemented. Though most of the actors involved have worked with Sida and SALA IDA before, the level of awareness is still not always developed to the degree one could hope. Therefore the need to be more explicit about the project methodology may need to be further emphasised. Some of the issues referred to in earlier evaluations (e.g. Rylander and Schmidt 1999; Eduards and Oxenstierna 1999) remain to be addressed. The fact that surprises occur is undoubtedly an unavoidable constant in project activity of this type, but the need to decrease the likelihood of negative surprises (projects collapsing, partners pulling out) is obvious, and at least in theory it could be diminished by more thorough project planning and risk-analysis. Project planning should in fact follow the guiding principles of the LFA-approach, which would further solidify the partnership principle, i.e. the balanced participation of both sides to the project. (Sida 1999, Rylander & Schmidt 1999).

Co-ordination resources should be seen as cumulative. Rather than merely concentrating on how the co-ordination of projects can be improved, one should also consider the possibilities of utilising and further accumulating the considerable resource-base that Swedish local authorities themselves have gained through their project activities. Part of these resources are naturally gained by the private consultants working for SALA IDA in the projects, but still directly accessible to local authorities, with which the consultants often have close connections in any case. A number of the consultants expressed concern that whilst the Russian side learns a great deal about Swedish local government, the increased competencies and level of expertise is not fully taken advantage of in Sweden, a consequence of which is that the Swedish general public remains as ignorant and suspicious of Russia as ever. It was felt by some of the interviewees that the possibility of disseminating accurate, up-to-date information about the state of Russian local and regional administration, or to break prevailing prejudice regarding Russia in general should also be taken advantage of, in order to maximise the utility of project co-operation in Sweden. Already existing organisational resources such as SALA IDA and its members can be used as an asset in this regard.

### Summary of the key points:

- The 'Swedish model' of local democracy is a relevant frame of reference for the development of local democracy in Russia. The fact that local democracy is not static and the optimal size of municipalities, their functions and distribution of responsibility are debated also in the Swedish context does not diminish the usefulness of the Swedish experiences in any way, as local democracy as a whole is a continuously developing process.
- The development of a positive working environment and improved co-operation between different administrative levels is a value in itself, which is at least partly due to the Swedish project activities.
- In addition to changes in attitudes and institutional learning, legislative reforms are of relevance for the emergence of local democracy. Whilst developments in this respect were seen as relatively encouraging and projects important in grounding such improvements more firmly, more work remains to be done in this area. This also implies that for the time being, major shifts in focus are not needed: more needs to be done in the area of local democracy as it has been approached through the Swedish project activities.
- Yet limitations are more often other than legislative in nature, especially identifiable in terms of lacking confidence in the justice of the system.
- SALA IDA is a key actor in the area of promotion of local democracy in Russia and it is difficult to foresee a shift in this sense. As focus is gradually widened from 'educating the politico-administrative elites' to 'educating the citizens', other relevant actors can however also be identified.
- The Swedish partners were aware of the fact that project activities were also contributing to their own competence development and they were actually concerned with the need to further utilise the accumulated expertise in Sweden itself beyond the scope of future project work. A wider interest in information distribution was thus identified that could be utilised to improve the general level of information on Russia, which is often obfuscated by one-sided media coverage.



## 9 Conclusions

### 9.1 The Swedish *Modus Operandi*: Some Observations

An obvious point of departure here is to note that there does not seem to be any major need to reverse or readjust the basics of Swedish co-operation policies with the Russian municipalities and regions. This was the prevailing opinion amongst the Russian recipients or stakeholders who were interviewed. Some critical opinions were however also expressed, particularly by some non-Russian consultants and observers. None of these people were *actually* interviewed as primary sources for the research, but they worked, or had been working, with the changing administrative and governance structures of Russian society, and commented spontaneously after having heard the topic of the evaluation. Also the fact that the evaluators were not Swedes may have been a key reason for the spontaneity of the comments and for the criticisms expressed in them.

In these instances criticism was raised and directed towards the profoundness of the analysis underlying the decision-making and the operationalisation of the Swedish projects. It has to be emphasised here however that, based on the interviews, the authors of this evaluation are not able to share most of the criticisms expressed. In some instances however do find resonance with the attitudes and prejudices that prevail amongst the members of the international community. Among the critical remarks was the notion that Swedish consultants prefer working with other Swedes rather than with the rest of the international community. This was seen to be the case even in situations where it may lead to sub-optimal outcomes in comparison to cases operating under the co-ordination of the IBRD, for instance, or in adjusting work methods to better match the frameworks set by the international community. It must however be added that such a 'nationalistic' preference is not a particularly Swedish trait; rather it is a common phenomena across the international community. The strong aspects of network creation on the Swedish side can also be seen as undermining much of this criticism. Organisational learning and the efficiency gained through effective utilisation of competencies amongst the different participating actors and organisations also potentially dampen criticism of the type referred to above. Utilisation of a shared pool of competencies is also likely to enhance efficiency and project quality.

Among the non-recipient/non-stakeholder groups there was also certain scepticism towards the study visits as one of the key working methods favoured by the Swedish consultants. It was suspected that the Russian participants to the study visits would find the remarkable structural differences between the prevailing realities in Sweden on the one hand and Russia on the other hard to handle. Moreover, it was suspected – as was in fact confirmed by some of the interviewed Russian recipients and stakeholders – that the Russian participants would be most interested in finding out how and why 'socialism' was successfully introduced in the small Swedish state whilst it failed in Russia. This aspect may well prove to be one of the key motivations facilitating the inclusion of new governance-related issues in future project co-operation – even if it may be argued that the 'Swedish model' itself clearly seems to be coming increasingly into question in the face of the rigours of globalisation.

Based on the feedback provided by the interviewees, the study visit -centred strategy chosen by SALA IDA can be generally regarded as being successful. The scepticism expressed by some was ultimately unfounded, as the participants regarded both the content and the organisation of the study trips, in addition to the other forms of co-operation, as generally good. Some interviewees also suggested possible changes as to the scope and focus of their work on Russian administrative



restructuring. As Sweden enjoys a well functioning central administration with strong sectors highly relevant to local and regional development, it was also suggested that the particular value added provided by Swedish specialists could focus on sector-specific issues, and the sector-based regulation within the *central government*. This is so because Russia is still predominantly administered through Moscow-based Federal institutions who themselves determine the *de facto* degree of freedom available to the localities. As indicated by several interviewees, municipalities have been allotted many more functions in the Russian local administration model than they are functionally and fiscally able to carry out. To assist the Russian administrative system in solving this dilemma could be a major Swedish contribution to the well-managed development of the Russian localities, based on the specialisation of sector-by-sector co-ordination. It may be worth mentioning that in Sweden such sector-based central government – municipality financial interactions are encompassed within the concept of ‘broad regional policy’ and thus entail a wide spectrum of policy sectors ranging from that of industrial policy and state intervention through regional development activities, to educational policies with regional effects.

There are several understandable reasons why the Russian interviewees who had been in a recipient position in the SALA IDA operated projects would have been reluctant to criticise the project activities. One of the key explanations lies in the sociology of small groups. In many cases Russian-Swedish co-operation had been active over relatively long periods of time – given the brief history of local self-government in the post-transitional Russia. This had created strong linkages based on personal contacts, and an emergent culture of co-operation with virtues such as mutual loyalty and solidarity as its key components. Yet, this is not to underestimate the value of the ‘glue’ that has kept co-operation networks together, and thus facilitated the particular group dynamics.

It is obvious that a major component in this ‘glue’ has been the open attitude of the Swedish consultants *vis-à-vis* the situations they encountered in the actual project locations. Swedish-Russian co-operation has not been based on rigid ready-made concepts that would have to be mechanically implemented in the recipient municipalities and in their organisations. As was noted above, many Western actors have however been all too keen to emphasise the mirror-image of this argument, criticising Swedish actors for what to them appeared to be the ‘shallowness’ of their feasibility studies and baseline analyses. This was however *not* how typical Russian stakeholders or recipients commenting on the Swedish method of designing co-operation projects *perceived* the setting. Rather they emphasised the willingness to learn from the local experiences shown by the Swedish consultants and regarded *this* as a functional part of the analysis on project feasibility. Moreover, they actually appreciated the adjustments of project activities in line with actual observations. There is a strong cultural explanation underlying this appreciation.

A Russian saying “better to see once than to hear a hundred times” was frequently heard from the interviewees. This phrase was used by the interviewees in conjunction with the perceived usefulness of the study visits. The saying may however remain relevant and illustrative even if turned upside-down, as will be suggested in the following. The realities in the Russian municipalities differ radically from most situations and duly designed operational models prevailing in Western Europe – the consequences of which were clearly grasped by the Russian interviewees. Thus, it is easy to understand why the Russian recipients appreciated the Swedish consultants’ open approach to the challenges to be met. This approach was obviously regarded as an attempt to find common points on issues to be dealt with in joint projects. To get to ‘know’ the situation through visits to the localities, followed by the creation of the necessary networks – only after that comes the formulation of co-operative agendas – appeared basically to be a Swedish modification of age old Russian wisdom. Better to work in a Russian municipality once than to hear a hundred stories about it!

## 9.2 Assessing the Objectives and Instruments from the Swedish Perspective

The first and perhaps obvious observation regarding the theme at hand refers to the rationale for local democracy projects in Russia. As has also been argued in previous evaluations and policy documents on Swedish project activities, as long as Russian local democracy and governance have discernible limitations and are under-going processes of evolution and transformation, it is in the Swedish, as well as the European interest to provide financial support for projects aiming at the influence of such developments. (See for instance Eduards and Oxenstierna 1999, 21 and SOU 2000:122, 85). As long as the key standards of autonomy and accountability have not been achieved in the institutional, political and legal structure of the country and region in question, the threshold of decentralisation remains unattained, thus further assistance to change this state of the affairs is required.

This view may however be overly instrumentalist, and even an excessively optimistic one: whilst individual and sector-specific best practices are available, the very nature of governance and democracy is marked by constant changes: local democracy even in the Western democracies themselves is in a constant state of flux. Also there are some indications that the development of local democracy in Russia may not precede in a straightforward and linear fashion. It is natural that the major financial efforts are allocated, in the initial stages at least, to areas where tangible results are expected. As the 'institutional profit margin' recedes, there is likely to be less interest in financing such project activities. In the case of local democracy in Russia, this stage of developing governance is naturally still a long way away.

A strategic question referred to by many interviewees was the need for further transparency and clarity in priority setting. Whilst country strategies do set policy priorities on the over-all strategic level, it seemed that further indication as to the priorities within this primary objective would be useful for those involved in implementing the projects. Though the decentralised implementation structure allows for utilisation of specific expertise in technical questions, it would in fact be beneficial to those at the implementation level if they could see where their specific activities and efforts fit into the 'wider scheme of things'. Awareness of other projects (at a minimum, of other *Swedish* projects) and dissemination of best practices in project management and implementation could thus be identified as an area to which greater attention should be paid.

Whilst the regions within which SALA IDA's projects have been undertaken are relatively densely covered by project activities of different types, initiated by different actors, the consensus view amongst the project participants from both sides was that there was no perceived redundancy in the areas in which SALA IDA was involved. Many of the specific areas of activity were not covered by other actors and countries, which in itself was an important motivating factor amongst the experts involved in these activities.<sup>10</sup>

A particularly important priority area within the more general objective of supporting local democracy in the Russian regions is that of support for Associations of Local Authorities and in particular

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<sup>10</sup> It would be interesting to assess the emergence of this multiplicity of projects and actors from the point of view of 'institutional thickness' (Amin and Thrift 1994, 14–15). Is it conceivable that in an internationally oriented locality or region such 'institutional thickness' emerges even in circumstances of relative instability, such as that prevailing in even the most prosperous and institutionally developed regions of Russia, partly as a result of external input? It may be envisaged that such 'institutional thickness' could be contributed to by international actors having a stake in this institutional complex at the local level, thus having an indirect though important role in establishing the institutional interaction pattern. The degree of interaction and awareness of common purposes could be something that emerges as a response to external pressures and power amalgamations, such as those perceived on the higher administrative levels, in particular in the central administration.

for the Congress of Municipalities of the Russian Federation (CMRF), which is seen as decisive in particular from SALA IDA's viewpoint. What may be the most crucial risk associated with this organisation is the quality and functionality of its connections to the Federal level of administration. Such direct linkages could be particularly important in terms of constructing and solidifying the local and regional level in Russia. During the winter of 2001 the Congress itself appears to have chosen to keep a relatively low public profile *vis-à-vis* the political debate on the status of local self-government. Its policy positions in the Federal *Duma* remain deliberately vague. On the other hand, the Secretary General of the Congress with two Deputy Secretary Generals interviewed for this research, noted that the Congress would primarily rely, among other vital contacts, on their linkages to the Presidential Administration. Yet, this management team refrained from specifying who or what these contacts were, and what the expected impact of their use would be.

The situation described above is, however, not to deny the value of the Congress as a potential instrument for co-ordinating the selection of target regions and municipalities with regard to specifying the most relevant topics of the potential projects. Co-ordination is obviously what is needed, but to be able to co-ordinate, one needs a platform from which to acquire the broadest possible picture of the actual situation. Whilst there are other co-operative organisations of Russian municipalities (The Union of Russian Cities for instance), the role of The Congress of Municipalities of the Russian Federation is particularly important in providing an embryonic form of interest representation for local authorities. One should keep in mind the structure of the Congress as a joint organisation of several regionally/functionally organised bodies, rather than one primarily of the municipalities themselves.

Though the project involving support to the Congress of Municipalities of the Russian Federation was implemented successfully, questions remain as to the need, ideal forms, and feasible goals of similar activities. Whilst it was acknowledged that the Congress may in fact be a useful instrument enhancing communication and information dissemination between the regional organisations of local authorities and central government, doubts remain as to its resource levels, and over the subsequent efficiency of its activities as a facilitator between the administrative levels. Despite existing limitations, the lack of available alternatives must be taken into consideration, and therefore further development activities are to be recommended.

The need to pursue objectives and project-specific goals involves a long-term commitment to project priorities involving aspects other than those of a relatively limited technical nature, such as forms of confidence building between the Swedish and Russian counterparts, something which was emphasised by the interviewees. It was generally estimated that the achievement of a sufficient level of understanding between the project partners takes at least two years and only after that is established can concrete results be expected. Project work would thus seem to require a 5-year perspective *at least* to really make an impact. This is not only a matter of project management, but also one of social learning the emergence of social capital (trust, shared problem-solving and institutional practices). The better you know each other, the better you can assess each other's potential and its relevance for the goals each of the partners is pursuing. As local democracy is an area where quick fixes are unlikely to be available, the slow pace of structural change is generally accepted and even expected by all partners. What most Swedish experts however perceive as essential is organisational structures and working methods that support such a long-term perspective, including forms of follow-up and information dissemination.

It is often the case however that tension emerges between the long-term goals of project activities and the lack of existing forms of project follow-up. One such example of this was the housing

utilities project in Novgorod, which was successfully implemented with a pilot-study, study visit to Örebro and closing seminar in Novgorod. There was a plan to draft action plans on the basis of the closing seminar, but this was typically complicated by the lack of follow-up forms. Whilst the drafting of such a plan was seen as useful for the activation of the Russian project participants, it was acknowledged by the Swedish experts working with this project that whether the action plans will in fact be followed up is probably dependent on a possible additional project, as no follow-up was included in the current project as such.

### 9.3 On Actors and Commitments to Learn

In connection with the commitment aspects and requirements relevant to becoming involved in project activities such as those discussed here, a degree of co-ordinating support is required to ensure stability and predictability in project activities. As has been argued earlier, though project activities can never escape uncertainty and information deficit all together, functioning forms of co-ordination performed in co-operation with both partners of a project are likely to enhance the possibilities of identifying needs, risks and emergent opportunities and planning and pursuing goals that are both attainable and committed to by the various actors. When possible, shared financial responsibility may also enhance the degree of commitment in these activities, though the limitedness of financial resources is acknowledged as a natural limitation.

The refinement of working methods should be extended to networking and co-ordination on all three levels involved in the project activities, the local/regional, the national (Swedish and Russian) and the international. This networking of activities through shared frameworks can be regarded, among other things, as a major aspect of enhancing commitments to the reforms initiated as and put into practice in the form of individual projects. Though the aim of project activities such as those evaluated here is undoubtedly of a trans-border or cross-border nature, and as such international, the emergence of forms of national and cross-sectoral networking within the regions and countries on the recipient side may be even more important in the long run. Through practical project co-operation a wide variety of actors from different administrative and political levels can extend their contact networks. This can in turn lead to new projects, other forms of co-operation, as well as naturally improving cross-sectoral understanding and forms of interaction. In addition to these more informal effects of networking, other aspects of networking should be utilised further to introduce more organised forms of networks.

One suggestion having emerged from the discussions was that of the inclusion of formal network-structures within follow-up practices. Some of the projects included the bringing together of some, or even most, of the participants in different capacity-building educational events. When it is possible, informal networks emerging from such events could be solidified in more permanent co-operative structures. These should be possible to set up within the context of a relatively limited financing programme, for instance by introducing local virtual meeting places. This also has an indirect connection to the identification of potential participants in these projects: is it more important to get as many people involved in the activities as possible, OR to deepen learning amongst the (more limited) group of participants? In some cases (e.g. the Kaliningrad projects) it was seen as a strength that many of the participants came together around more than one project, as this is likely to contribute to the creation of more permanent co-operation structures and practices than just those provided by individual projects. Suggestions as to forms of follow-up practices also emerged from the Russian side and the utilisation of the Internet or other forms of electronic communication in developing such practices should be further assessed.

Forms of follow-up practices would be useful in avoiding over-dependence on individual contacts and thus vulnerability to institutional change. In most cases there is either no follow-up, or it is organised in an informal fashion (as part of the planning for the next project) or based on personal contacts. Though different courses and project sections undoubtedly require different measures to be implemented and evaluated, project management as a whole would benefit from some standardised modes of response and follow-up. The possibility of organising project-follow-up seminars for the Swedish and Russian counterparts (and where possible for an even wider audience) also emerged in discussion.

In terms of identifying potential future areas of co-operation, one issue that was often referred to was the need to enhance interaction between administrative and technical forms of co-operation. It was seen by the Swedish experts that in many administrative fields an explicit effort to raise professional standards and professional pride is required (e.g. in the building industry). Whilst the importance of many projects lies partially in the realisation that without this particular sub-project these activities would not have taken place at all, they are necessarily also dependent on other societal developments, including the ongoing development of educational standards.

One of the most central and persistent observations from the Swedish side concerned that of the extended requirement of expertise. Whilst it was emphasised that the improved knowledge on Sweden and the Swedish administrative structures and practices in Russia was a partial consequence of these projects and an important achievement in itself, concerns were raised as to the corresponding increase in knowledge and expertise on Russia in Sweden. It was pointed out by some of the interviewees that the standard of general knowledge on Russia and the local legislation and administrative structures and practices may not be as high as one would hope, which may be reflected in difficulties experienced in concrete project work as well as in management. In some cases it was actually argued that this was what made project implementation so difficult, as the assumed legislative situation did not actually correspond to the facts, (i.e. the project had been planned based on false information about the prevailing situation). Projects can also be expected to have fringe benefits for the institutions and organisations themselves, as well as for the localities involved in project activities from the Swedish side. Learning is a two-way process, and the fact that Swedes *can* and indeed *should* also be on the recipient side of this learning process was something that many Swedish experts wanted to emphasise.

**Summary of key points:**

- The forms of co-operation chosen and developed by the Swedish consultants are basically on the right track, with no immediate need for major reversions or readjustments.
- Many consultants – also Swedish – seem to be willing to create and favour circles of organisations and individuals of their own nationality. This may at its worst lead to loss of information and hence reduced efficiency.
- Swedish experts were particularly credited for their willingness to introduce tailor-made and down-to-earth packages to the Russian counterparts. This approach has been quite obviously mistaken by some other consultants as hastiness in feasibility study phase, replaced with a ‘race to the field’.
- Co-ordination of international local government development activities, including the selection of target regions and areas, should be intensified. An accountable Russian actor to represent the entire field is needed.
- The Congress of Municipalities of the Russian Federation (CMRF) is a highly potential counterpart co-ordinator. A more far-reaching development process could thus be initiated to let it demonstrate its strengths.
- Restructuring of local administration and government is a long-term process, and hence process character, longer time spans and continuity are necessary for real impacts to be achieved.
- As to the Swedish experts this requires development of organisational structures and working methods that support both the longer-term approach and the continuous process character:
  - enhanced follow-up systems;
  - intensified information dissemination among the stakeholders; and
  - learning from the past own experiences and achievements of the international donor community in general.
- In time, a more pronounced financial commitment from the Russian side with due setting of priorities and shared cost responsibilities should be required. This obviously requires more deliberate pooling of existing Russian organisational and other resources as well as networking.
- More elaborate formal networking may reduce the vulnerability of project implementation and follow-up in the face of key persons being replaced as the administrative set-ups change.
- Finally, the administrative/governance contents embedded in several processes with technical core could be more emphasised.



## 10 Policy Recommendations

### 10.1 Points of Departure

The evaluation of individual projects was given a secondary role in this evaluation due to the obvious reason that the number of projects was vast in relation to the limited number of the available fieldwork days; altogether there were seven, shared between four project locations. In order to undertake a broad overview of the situation, it was deemed necessary to meet representatives of as many projects as possible in each location. From this it followed, partly for logistical reasons, that one representative with her or his opinions and impressions, given during an interview of 50 to 90 minutes often had to suffice as *the* recipient/stakeholder information of the co-operative activity in question.

Thus, given these constraints the most profound results of the research as a whole were to be achieved at the level of the *strategic intentions* chosen to guide Swedish-Russian co-operation in the field of local government, and the *processes of turning the strategies into action*. While getting to know the local cases as well as the sentiments within the recipient and stakeholder communities the important ‘meta-questions’ of the entire research were moulded to answer questions such as “*are we doing the right thing?*”, “*have we chosen the right way to proceed?*” or “*do both the Swedish and the Russian parties share the same understanding as to what we are aiming at?*”

Even if the material collected from the Russian localities *may* contain too many sampling errors and biases to be compressed into any project-by-project assessment, it certainly serves as a good point of departure for setting a series of recommendations built on the overall judgement of the success of past co-operation with its lessons for the future. Projects have been developed in a path-dependent fashion and they are largely managed and implemented by what has been referred to in this evaluation as ‘project elites’. This caveat notwithstanding, based on the interviews it seems justifiable to conclude that most of the lessons to be learnt on project management and its methods in individual cases, as well as the strengths, weaknesses and future directions of the project, are relevant for a wider group of project activities in local democracy promotion in the Russian regions.

In most cases this co-operation has been deemed to be successful, with no particular redundancies, as far as can be judged, based on the material and interviews conducted. The issue of the cost-effectiveness of SALA IDA-operated co-operation did not emerge as a particularly central question, as a comparative approach to Swedish investments as compared to other donor parties’ activities was not within the ambit of the current evaluation. The assessment of cost-effectiveness was further complicated by the reluctance of the Russian recipients to comment on the topic due to their lack of opportunity to influence the allocation of project resources. However, given the positive feedback in all areas of co-operation, it should be concluded that the requirements for the efficient use of resources budgeted to the projects was achieved to a satisfactory degree.

The region-specific assessment adds little to these observations. Among the actors in the three regions, plus those in the Congress of Municipalities of the Russian Federation in Moscow, no single case emerged that would have spoken against the positive tone of the overall assessment. There were slight variations in the issues emphasised across the different regions, largely due to the differences in their administrative character, something which was specified, and to some extent interpreted, in the earlier Chapters of this research report.

In order to identify potential fields of new or intensified co-operation, there are four particularly key areas within which the success achieved so far could be evaluated. This has also been an underlying motivation of the project methodology here applied

- a. *Legislative and administrative reforms.* On occasion it may be difficult to evaluate the degree to which reforms have resulted from the direct intervention of projects, in comparison to that of other relevant factors. This is particularly clear in an environment marked by political and administrative instability.
- b. *Concrete activities.* These include, among others, study visits, pilot studies and seminars. Questions as to ‘are these the best form of activity to achieve the set goals’ were posed.
- c. *Changes in working practices.* Network building and technical advances are to be seen as core target areas in the co-operation. They are accompanied by activities that can be seen to emerge as partial responses to, or consequences of, the project in question – they include study trips from other regions and other positive ‘trickle-down effects’. They were addressed both directly and indirectly: the evaluation of changes in working practices formed part of the assessment of the project results, and such effects were also often referred to by the interviewees in connection to other questions.
- d. *Public awareness.* Awareness of the impact of local democracy and institutions such as local administration built on democratic principles provides the *demand* side of good governance. Beyond the opinions of the administrative elites involved in the project activities, and through assessments of developments in public opinion, this aspect however falls largely outside the scope of this evaluation. A number of project participants from both sides did bring up such issues during the interviews. As local democracy necessarily entails *both* the development of a well functioning political and administrative system and the awareness by citizens of their civic rights and responsibilities, the evaluation has only been able to indirectly address some of the effects in this respect.

## 10.2 Recommendations

The areas of action to be taken into consideration whilst the direction of future activities is determined can be grouped into three key dimensions: (a) activities, (b) methods, and (c) actors.

### a) *Activities needing further focusing:*

- The promotion of local democracy is a field of endeavour within which work is destined to be forever ‘ongoing’. The comments made regarding the need to identify parameters for determining the optimal size or distribution of tasks and responsibilities between different actors on different administrative levels is particularly interesting, not to say problematic, as similar discussions are taking place in the Nordic countries themselves at the moment. *Thus:* an important part of such activities may be to acknowledge the fact that whilst for instance best practices and useful experiences can and should be identified, there are no ‘quick fixes’ or right answers to be found. There are no short cuts on the path to success. It is here that perhaps a number of rather more straightforward and analytically comparative projects should be started to thematically analyse the developments and challenges in the EU on the one hand, and Russia on the other.
- Within the context of ‘training the politicians’ there is still plenty of room for further activities: the task at hand is central to the whole well being of local democracy. The major challenges here are the newness and thus the relatively modest degree of embeddedness of democratic culture, accompanied by high turnover rates of elected representatives after successive elections. Train-



ing of political decision-makers in the complex workings of local democracy should thus remain a key area of activity well into the future.

- The mirror image of the previous point is that of the training of citizens and actors representing civil society. This task includes increasing citizens' readiness to participate; the nature of political processes more generally, elections and other forms of participation within local democracy, voluntary organisations and their functioning etc. An important aspect here is the empowerment of NGOs in local democracy. The NGO sector lacks still many of the basic skills relating to how agendas are set to influence public authorities, and also how to make budgets, and how to plan their own activities. A more coherent strategy is needed to think about how participants and stakeholders in the political processes may be able to shift (or widen) the scope from purely administrative activities to arenas which include a broader strata of citizens within their range of influence. Such a shift could be summarised as a step from training directed to the elites, to training directed to communities as a whole – or as a step from the current participatory work methods towards associative ones.
- Budgetary processes and principles is a field that still requires further work. The issue is particularly crucial, as the field is not one within which technical solutions can provide answers. On the other hand there is a lot to be done on the technical side of budgeting and financial management. The entire mindset attached to the old Soviet era accounting and auditing systems is gradually giving way to more modern methods, but this transformation can still be easily blocked by the inadequate technical infrastructure. This in turn makes the avoidance of a too drastic re-thinking of the financial management processes a seemingly safer choice compared with the uncertainties possibly brought about by the new concepts and methods. Thus, it should be of crucial importance to demonstrate the transparent financial management procedures as a part of the democratically accountable administrative processes, and its implications for the working methods to be embedded in the profession of financial administrators at all levels of the hierarchy.
- Information dissemination and educational/informative actions are necessary in Sweden, 'on the other side of the fence'. An extensive amount of expertise has been accumulated over the course of the kind of project activities assessed in this research. However, expertise and awareness remain quite limited only reaching a narrow 'project elite' within the boundaries of Sweden. At the same time, the general public and the media remain as ignorant and suspicious of Russian developments as ever. Yet, Swedish civil society, with its vast array of non-governmental bodies could and should be a major asset in this sense, and could be encouraged to intermediate between interests and impulses highly relevant as forces of decentralised democratic development. Educational activities, seminars and media network-meetings could in future be organised with a wider audience in mind, in order to disseminate information more widely and to demonstrate what can, and in fact *has*, been achieved through Swedish-Russian co-operation, and this should be made relevant to the political situation across the entire European North.

*b) Working methods to be developed:*

- As far as project planning is concerned, more systematic use should be made of project management methodologies and tools (such as the Logical Framework Approach) to structure co-operation to better identify key priorities, existing opportunities, resources, and risks. The use of such technical tools should not be taken as an end itself, but rather as a systematic way to integrate the setting of long-term strategic goals with the design of monitoring systems for the process follow-up and the necessary indicators to illustrate that individual projects remain on track to fulfil their stated goals.

- A reporting system derived from an integrated setting referred to above should thus be developed. The follow-up data would be collected based on common policy provisions, which would make it substantially easier to analyse the extent to which various projects in fact do fit into the strategic priority framework, and form a coherent package of strategic actions. An incremental approach and a long-term perspective (more than five years) are both required to find out if more sustainable results in an area such as that of local democracy are to be forthcoming. On the other hand, it is important to avoid losing co-operative gains in cases where one sub-project fails. In such cases the monitoring mechanisms should serve as an ‘early warning system’ giving as much warning as possible, and hence more flexibility in terms of the re-allocation or re-direction of funds.
- One of the main achievements of the projects discussed here has been to bring together and to solidify networks between various *Russian* actors (intra-Russian networks). This form of networking could be developed further to enhance the project sustainability through Russian interregional support structures. From the sustainability perspective, it would also be worthwhile to further develop forms of co-ordination and the methods of information dissemination. These should include the establishment of local expert groups and mentor systems between the Swedish and Russian counterparts to form more lasting co-operation processes and networks. This would naturally require longer term planning and coherent management of project life cycles as larger entities – or enhancement of more process-based thinking in the co-operation. A larger measure of formalisation or at least support for the maintenance of the emerging local networks within the project regions could also be required. This could be brought about in the form of cross-sectoral and cross-regional co-operation between the Russian and Swedish parties.
- Gender issues have until now been a modestly developed area of activity, and there is therefore considerable scope for further development. Within the local administration framework gender issues and the equal opportunities philosophy should be more centrally placed as a major aspect of good governance. Indeed, the whole notion of gender equality should be brought to the fore as one of the *core aspects of the new administrative culture* rather than being handled as a marginal issue assigned to designated pressure groups and interest organisations, and given only implicit attention in the projects themselves. A belief that ‘the good Swedish example’ will be disseminated successfully without more conscious effort is perhaps overly optimistic, given the modest support the prevailing Russian (administrative) culture provides to the elaboration of gender issues. The problem is unlikely to be eased however by the fact that the vast majority of Swedish experts working on administrative development are men. This should be seen as an inherent quality of project networks as well as a recruitment policy issue.
- More sensitivity is also required in terms of criticism relating to the perceived over concentration on Swedish experiences. It is understandable that in the training sessions Swedish consultants concentrate on the Swedish experiences most familiar to them. However, the adoption of a more comparative approach would be a practical way in which to demonstrate the dynamics of country-to-country differences and techniques, and to observe and analyse these differences. One possible solution could be to utilise and further establish contacts with other Nordic and international actors in the planning and implementation stages in order to achieve a more comparative approach.

*c) Actors and roles to be defined:*

- Based on the interviews undertaken, it can be concluded that the actors involved in the local democracy projects have been those most relevant to the activities in question. Both SALA IDA and the individual consultants that it recruits from the member organisations and municipalities are well placed to spread information and experiences of local democracy in action in Sweden. However, in some cases additional actors could also be utilised. If activities shift towards more purely human resource development – a major aspect underlying the new administrative culture to be introduced in the administrative apparatus – private consultants working within this field may be the best resource to turn to. On the other hand when the activities are more rooted in the civil society nexus at the political ‘grassroots’, the most useful resources are likely to be identified as the NGOs in Sweden.
- In the future more attention should be directed towards the question of the abilities and qualities of the participating actors. What kind of people *should* participate in training and other forms of co-operation? Whilst views on this differ greatly, it seems that administrative and professional competencies and expertise are most important, whilst language skills are ultimately a secondary consideration. One issue that seems to emerge as a result of a self-selecting process is that those involved should be (and in most cases are) highly committed to this type of international co-operation and its goals. The consequences of this tendency are twofold. On the one hand, it may encourage the emergence of project elites, and in some cases even limit the extension of co-operation networks. On the other hand, it may ensure a high commitment to the project in question. This, in turn is reflected in the quality of work and in the concept of flexibility – which is an elementary requirement in the often-unpredictable circumstances. Planners of future interventions should however be made more fully aware of the dangers of elite creation in this regard, and that their participation may have unforeseen consequences not originally envisaged in the planned intervention. Here again a major challenge can be found at the strategic level: where are we aiming with the drive towards co-operation in the field of administrative restructuring?
- What are needed for the further enhancement of co-operative activities are comparisons from across the donor community on the efficiency/effectiveness of their interventions. This should be seen as a part of the enhanced co-ordination of such activities in the different Russian regions and among the various Western governments and international organisations with activities in these Russian localities. Moreover, the question of encouraging greater levels of communication and interplay within the donor community should be regarded as a major sustainability issue, as (at its best) it could be seen as contributing to the build-up of critical masses on prioritised fields of action. From this strategic perspective the question should also be closely related to that defining of the Russian actor(s) that should be involved, not only in the co-operation in general, but in the project/process co-ordination in particular.

### Summary of key points:

- There are four thematic key areas with the success achieved so far to be particularly evaluated:
  - legislative and administrative reforms with the direct intervention of projects having at least a partial effect;
  - concrete activities such as the study visits and seminars as widely used forms of Swedish interventions in the field of administrative reforms;
  - changes in working practices such as network building and technical advances – accompanied by emergent responses to the project in question as positive spill-overs or trickle down/leverage effects; and
  - enhanced public awareness of the impact of local democracy and government reforms: the demand side of good governance.
- The activities that need further focusing include:
  - promotion of local democracy within the distribution of tasks and responsibilities within the administration;
  - training of political decision-makers, civil servants and citizens/civil society as a means to enhance simultaneously *both* supply *and* demand of good governance;
  - budgetary processes and financial management to be dealt with in the context of good, transparent and democratically accountable governance; and
  - more deliberate pooling of the existing information and expertise on the Swedish side – together with informing both the potential stakeholder community and the wider public of the activities and advancements reached through the projects.
- The enhanced working methods to promote the future successes include:
  - more systematic use of sophisticated project management methods and tools to integrate the long-term strategic goals, the practical steps in project management, follow-up of results and reporting;
  - longer term management approach, and a shift from project to process thinking in broad developmental fields such as administrative restructuring;
  - more deliberate development of Russian actor networks among key stakeholders in the prioritised fields to enhance the sustainability of the results reached through reducing the vulnerabilities based on sometimes too heavy reliance on single key persons;
  - gender equality is an issue that needs to be embedded more firmly in the entire concept of new administrative culture reflecting in good, transparent and accountable governance; and
  - more comparative approach to study the multiple routes to transformation.
- The roles of the various actors in the co-operation can be further defined:
  - SALA/SALA IDA are to be seen as the key Swedish actors also in the future projects in the field of local democracy/government;
  - private consultants could have a more visible role in some managerial areas, such as the human resource management;
  - Swedish NGOs can also be regarded as a major source of expertise;
  - there appears to be a gentle balance between the creation of 'project elites' on the one hand and 'spheres of committed specialists' on the other: a major question here is *what are our final aims and which kinds of actors/modes of action do we need to reach them:* and
  - it should be analysed if enhanced co-operation among the donor community could serve as a means to reach our strategic goals.

## Glossary

AMKR	Kaliningrad Oblast Association of Local Authorities
CBC	Cross-border co-operation
CE	Council of Europe
CIS	Commonwealth of Independent States
CMRF	Congress of Municipalities of the Russian Federation
EBRD	European Bank for Reconstruction and Development
EU	European Union
IBRD	International Bank for Reconstruction and Development
KALA	Karelian Association of Local Authorities
LFA	Logical Framework Approach
NWAPA	North-Western Academy of Public Administration
<i>Rayon</i>	‘Administrative district’, closest equivalent to Western municipalities in all regions studied in this report
SALA	Swedish Association of Local Authorities
SALA IDA	International development assistance enterprise of SALA
Sida	Swedish International Development Co-operation Authority
SSALA	South Swedish Association of Local Authorities
Tacis	EU-resourced Technical Assistance programme for the member countries of the Commonwealth of Independent States

# Persons interviewed

## 1 Missions to the Russian Federation

### A) Moscow

A1 • Dr. Sergey S. Artobolevskiy	Russian Academy of Sciences, Moscow, Institute of Geography, Professor, Moscow, 22 Jan 2001
A2 • Mr. Vitali A. Chernikov	Congress of Municipalities of the Russian Federation, Deputy Secretary General (Strategic Issues), Moscow, 22 Jan 2001
A3 • Ms. Larisa E. Kireeva	Congress of Municipalities of the Russian Federation, Deputy Secretary General of International Affairs and Programmes, Moscow, 22 Jan 2001
A4 • Ms. Marja Liivala	Embassy of Finland, Moscow, Second Secretary, Moscow, 23 Jan 2001
A5 • Dr. Timo Linkola	Finnish Association of Local Authorities, Manager of Central and East European Co-operation, stationed to Moscow between Jan. 1998 and March 2001, Moscow, 22 and 23 Jan 2001
A6 • Mr. Vitaly Shipov	Congress of Municipalities of the Russian Federation, Secretary General, Moscow, 22 Jan 2001
A7 • Dr. Elena Y. Stykanova	World Bank, Russia Country Unit, Country Officer/Public Sector Specialist, Moscow, 23 Jan 2001
A8 • Ms. Marina Vasilieva	World Bank, Russia Country Unit, Head of Information Unit, Moscow, 23 Jan 2001

### B) Republic of Karelia

B1 • Ms. Irina I. Akhokas	Deputy Minister of Finance of the Republic of Karelia, Petrozavodsk, 13 Feb 2001
B2 • Ms. Svetlana V. Alexejeva	Deputy Minister of Finance of the Republic of Karelia, Petrozavodsk, 13 Feb 2001
B3 • Dr. Larissa D. Bojchenko	Centre of Gender Studies and Ministry of Social Affairs of Republic of Karelia, Women's and NGO Co-ordinator, Petrozavodsk, 13 Feb 2001
B4 • Mr. Alexander Chazhengin	Legislative Assembly of the Republic of Karelia, Chair of Committee on State Structure and Local Government, Petrozavodsk, 12 Feb 2001
B5 • Mr. G.A. Gulijev	Deputy Minister of Labour and Employment of the Republic of Karelia, Petrozavodsk, 13 Feb 2001

B6 • Mr. Alexander D. Jurjev	Karelian Association of Local Authorities, Director, Petrozavodsk, 13 Feb 2001.
B7 • Ms. Marina A. Kosheleva	Project Consultant to SALA since 1995, Petrozavodsk, Novgorod and Kaliningrad, 12–15 Feb and 12–13 Mar 2001
B8 • Mr. Sergey S. Kovshov	Republic of Karelia, Head of the State Department of Interaction with Local Authorities (former Director of KALA), Petrozavodsk, 12 Feb 2001
B9 • Mr. Mikhail J. Kuznetsov	Administration of the City of Petrozavodsk, Vice-Mayor and Head of the Department of Finance, Petrozavodsk, 12 Feb 2001
B10 • Mr. Dmitry L. Veljev	Administration of the City of Sortavala, Vice-Mayor, Petrozavodsk, 13 Feb 2001
<b>C) Novgorod oblast</b>	
C1 • Dr. Lyubov A. Andreyeva	Novgorod Oblast Duma, Deputy Chair, Novgorod, 14 Feb 2001
C2 • Mr. Boris Bystrov	Novgorod Oblast Administration, Department of Co-ordination of Housing and Communal Services; Economy, Fuel and Energy Complex of Novgorod Oblast Administration, Novgorod, 14 Feb 2001
C3 • Mr. Sergei Y. Fabrichny	Novgorod Oblast Administration, Civil Service Committee, Chairman, Novgorod, 14 Feb 2001
C4 • Ms. Valentina A. Fomich	Novgorod Oblast Administration, Department for International Relations, Senior Expert, Novgorod, 14 Feb 2001
C5 • Mr. Nikolai I. Gradshdankin	Novgorod Oblast Administration, Vice Governor, Novgorod, 14 Feb 2001
C6 • Mr. Alexei Kostyukov	Deputy of Veliky Novgorod City Duma and Director of the North-Western Academy of Public Service/Novgorod Branch, Novgorod, 14 Feb 2001
C7 • Mr. Andrei Lavrentjev	Novgorod Oblast Duma, Senior Expert on Local Self-Government, Novgorod, 14 Feb 2001
C8 • Ms. Tatjana Malkova	Novgorod Women's Parliament, Public Relations Specialist Novgorod, 14 Feb 2001
C9 • Ms. Irina Urtaeva	Novgorod Women's Parliament, Chairman, Novgorod, 14 Feb 2001
<b>D) Kaliningrad oblast</b>	
D1 • Mr. Valeriy V. Friolov	Kaliningrad Regional Duma, Vice Chairman, 13 Mar 2001
D2 • Mr. Konstantin K. Gimbskij	Kaliningrad Oblast Association of Local Authorities, Director, Kaliningrad, 12 Mar 2001



D3 • Ms. Silvia Gourova	Kaliningrad City Hall, Deputy Mayor and Head of Foreign Relations Department, Kaliningrad, 12 Mar 2001
D4 • Mr. Viktor N. Koshelev	Baltiskij City District, Deputy Head and Director of Spatial Planning and External Relations, Kaliningrad, 13 Mar 2001
D5 • Ms. Liana Maximova	Kaliningrad City Hall, Foreign Relations Department, Kaliningrad, 12 Mar 2001
D6 • Dr. Alexander G. Songal	Kaliningrad Regional Duma, Head of External Relations Department Kaliningrad, 13 Mar 2001
D7 • Ms. Nina Vishnyakova	Kaliningrad City Hall, Foreign Relations Department, Kaliningrad, 12 Mar 2001

## 2 Swedish consultants and experts

Berit Andersson	Private consultant, 15 January 2001
Gunnar Berghdahl	Private consultant, 16 January 2001
Pontus Förberg	Consultant, SIPU International, 23 January 2001
Sture Hedström	<i>Servicechef</i> , Malå municipality, 16 January 2001
Dan Johansson	Private consultant, January 16 2001
Lars-Erik Lindholm	OMNIA Utvecklingskonsulter, 2 February 2001
Bo-Lennart Nilsson	Private consultant, 15 January 2001
Martin Schmidt	Consultant, SPM Consultants, 24 January 2001
Sverker Snidare	Private consultant, 1 February 2001
Dick Sundelin	Private consultant, 16 January 2001
Bo Synnerholm	Managing director, SIPU International, 23 January 2001
Björn Teke	Institute for Local Democracy, Växjö, written correspondence 12 and 14 February

### **SALA IDA:**

Dan Cederberg  
 Elin Häggbom  
 Karl Knutsson  
 Marina Kosheleva  
 Alexander Pirogov

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# Appendix 1

## Tentative list of questions posed to the Swedish experts

Vilket projekt har du samarbetat med och när?
Vilka moment har fungerat bra och vilka mindre bra (HUR och VARFÖR)?
Vad har varit mest lärorikt? Studiebesök, föreläsningar eller någonting annat?
Hur stora är den ömsesidiga förståelsen och det ömsesidiga förtroendet mellan svenskar och ryssar? (Också – finns det olika eller motstridande intressen mellan olika svenska parter?)
Varför har projekten stundtals blivit försenade? (Vilka?) Har man kunnat utveckla verksamhet enligt tidscheman?
Går det att påvisa några faktiska resultat av insatserna, t ex i form av förbättrade rutiner i det administrativa och politiska arbetet?
I vilken utsträckning bedömer den ryska sidan att det som man sett i Sverige eller som ingått i utbildningen är av relevans för deras eget arbete i den ryska kommunen?
Vilka är orsakerna till framgång resp misslyckande? (Förslag resp. projektprocessen – planeringsprocess – identifiering av behov och problem, formulering av projektplaner och individuella mål?)
Hur relevant är den svenska (/nordiska) erfarenheten av starka lokala myndigheter och lokalt självstyre för Ryssland med ett helt annat system?
Var bör samarbetet inriktas på? Vilka områden har störst möjlighet att bli framgångsrika? Var finns särskilda behov? (för att påverka attityder, medverka omorganisationer, lära ut budgetteknik m.m.)
Vilken typ kompetens behövs från den svenska n? Vilka är särskilda styrkor och svagheter här?
Hur kan man bättre använda kompetenser och resurser som finns på ryska n? (Har man använt dem tillräckligt?)
Vilken typ av svenska parter bör kunna bäst genomföra insatser inom området lokalt självstyre?
Vilken typ av insatser kan göras på federal nivå för att stödja utvecklingen av lokalt självstyre?
Andra kommentarer?

## Appendix 2

### List of questions posed to the representatives of the Russian stakeholders and recipients

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#### Thematic Questionnaire

For Evaluation

DEPARTMENT OF REGIONAL STUDIES AND ENVIRONMENTAL POLICY

University of Tampere, Finland

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Sida • SALA • SALA IDA • Nordregio

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#### GENERAL QUESTIONS TO ALL INTERVIEWEES:

1. In which capacity have you participated or been involved in co-operation with SALA?
2. How would you assess the clear results of the Project?
3. How would you assess the reasons for high or low achievements of the goals set to the co-operation?
4. How do you find the relevance of the Swedish experience on local self-government?
5. What is your impression of the project implementation? Which components were best functioning, which were least?
6. How do you regard the cost effectiveness of the projects? Could the same results have been achieved with fewer resources or with some alternative approach?

#### SPECIFIC QUESTIONS TO PARTICIPANTS OF THE SALA TRAINING/STUDY VISITS ETC.:

1. How would you judge the overall importance and practical usefulness of the Training organised by SALA?
  2. Did you find the topics dealt with during that Training important for your own work or of secondary importance?
  3. Did the Training change your attitudes towards local government and participation?
  4. According to your knowledge, has the Training had any wider effect on attitudes towards local level political participation, governance and related issues?
  5. Did the Programme start any local public debate on administrative practices?
  6. Did it contribute to the taking of any concrete measures?
  7. Do you regard the future development of such Training as important?
  8. What could and should be learned from these experiences while planning future projects?
  9. Which organisations should be the primary stakeholders of such processes?
  10. After launching the Programme, who would be the right persons to be given training on local government and its particular issues – who **SHOULD** be trained on these issues?
  11. What is your opinion concerning short study periods or intensive courses organised in some European Union country, with both Russian and West European lecturers participating and with excursions to Western municipalities?
  12. In your opinion, how should the future projects be directed?
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13. Should the federal/regional/local authorities take some specific roles?

14. What kind of Swedish expertise and competencies should be primarily needed?

#### SPECIFIC QUESTIONS TO POLICY MAKERS/STAKEHOLDERS/TRAINING ORGANISATIONS

1. How would you regard the future possibilities of developing an international programmes concentrating on local government – what should be the project alternatives?
  2. How would you assess the Swedish expertise and competencies to be primarily needed?
  3. Which organisations should be the primary stakeholders of such processes?
  4. What is your opinion concerning short study periods or intensive courses organised in some European Union country, with both Russian and West European lecturers participating and with excursions to Western municipalities?
  5. What could and should be learned from the previous experiences while planning future projects?
  6. Are there training programmes already offered for local level administrators in this Region?
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## Appendix 3

### Project descriptions      Evaluated projects

#### Kaliningrad oblast

- ÖST 113/95: Strengthening of local democracy Kaliningrad (1995–1996, SEK 1 241 000)

The initial stages of project work in supporting Kaliningard region and its municipalities in strengthening local democracy.

- ÖST 74/97: Local government finance project (6 months, 1997 – SEK 1 330 000)

Co-operation project with the aim of improving finances at the local level by analysing the budget situation of three municipalities in the Kaliningrad region. Concluding seminar also included a seminar with participation from Union of Russian cities.

- ÖST 112/97: Strengthening of local self government (3 months, 1997 – SEK 525 000)

Study visits and seminar activities for 40 elected members of the Kaliningrad City and Regional Duma to learn about Swedish local democracy.

- ÖST 385/98: Support to the local governments in the Kaliningrad region (7 013 000 SEK 1998–2000)

24 months, sub-projects:

1. Analysis of the role of elected representatives: two-day seminar, study visits, summing-up seminar in Kaliningrad
2. Support to the Regional Association of Local Authorities in Kaliningrad: study tours, needs assessment, seminar)
3. Support to the Kaliningrad Oblast Duma in relation to local election law (feasibility study, study visits, workshop)
4. Norms for distribution of transfers within the region, the equalization system: joint expert meeting, compilation of draft proposal for social minimum standards
5. The budget process and the internal information system (specification of key issues by SALA, joint expert meeting, study tour, compilation of reform proposals)
6. Accounting, performance and computer based applications (feasibility study by SALA, study visit, design of study materials, training programme)

#### The Republic of Karelia

- ÖST 14/97: Municipal Financial Management of Kondopoga (Six months, starting 1997, SEK 881 000)

Fact-finding report published in September 1997 based on expert interviews at the Department of Finance in Kondopoga. Report was updated after a second visit to Kondopoga and Petrozavodsk.

- ÖST 191/97: Local Self Government in Karelia (Medvezhegorsk municipality, municipal utilities, 1997, SEK 552 000)

Project entailed a visit in September 1997 to Västerbotten (Malå, Umeå and Vännäs) and a seminar on management of technical administration of Swedish municipalities and a seminar in the administration of public utilities in November 1997.

- ÖST 71/98; Study visit from the Karelian Association of Local Authorities to their Swedish counterpart (one week in March 1998, SEK 115 000)

- ÖST 136/98: Women Politicians  
(March 1998, SEK 191 000)

Project included the organization of a two-day seminar in March 1998 to raise the awareness and transfer of knowledge and skills for women politicians and those working in municipal administration.

- ÖST 463/98: Strengthening of local democracy, 5 sub-projects:
  1. Supporting the development of the budget-process (SEK 1 043 000): Kondopoga and Sortavala – fact finding, study visits, guidelines and seminar

Project entailed the undertaking of a successful fact-finding stage in both of the pilot municipalities and a meeting of the expert group in Petrozavodsk April 1999, November 2000 visit to Umeå to discuss the municipal budget-process in the respective countries. Since these meetings however project came into a halt.

2. Supporting the effective management of financial leadership and accountancy in municipalities and in municipal companies (SEK 1 486 000): Sortavala and Kondopoga – fact finding and recommendations, study visits, design of study material, training of accountants

Project was started with successful fact-finding in March 1999. This was supposed to be followed by a study visit to Sweden, which indeed was planned twice, but cancelled both times. Kondopoga municipality expressed that it no longer was interested in continuing the project, whilst Sortavala did not indicate interest in the continuation in either way. Therefore the Swedish experts recommended the termination of the project in its original form.

3. Supporting the development of 'Economy and finances in the sector of housing-utilities (SEK 703 000): Kondopoga and Sortavala – feasibility study and recommendations, study visits, seminar

Project has come to a successful close after study visits to Sortavala, Medzhegorsk and Umeå, Successful fact-finding in October-November 1998, May 1999 visit to Sweden, shared recommendation of the expert group published in a seminar in Petrozavodsk in November 1999.

4. Supporting the building of local government structures (SEK 474 000) – seminar, feasibility study

Project was launched with a seminar in Petrozavodsk in June 1999 with participation from all levels. This was however followed with slight slowing of pace, partly due to changes in key persons.

5. Social minimum standards for Karelian republic in co-operation with the legislative assembly (SEK 445 000) – elaboration of standards, seminar

As a partial result of this project, legislative proposal on social minimum standards was passed in 1999, Further interest in the activities in this area remains.

### **Novgorod oblast**

- ÖST 110/00: Local democracy in Novgorod (2000, SEK 5 420 000)

Sub-projects:

1. Management education in local and regional administration

Project included education for 50 participants and a study visit for 25



2. Municipal finances and budgeting

Project included education for 50 participants and a study visit for 25

3. Governance, communications and democracy for politicians and voluntary organizations

Project included training of 35 local politicians and 15 representatives of voluntary organizations, as well as a study visit to Swedish municipalities, follow-up seminar in Novgorod

4. Personnel administration and human resources management

Project included training for 25 participants in human resources management and a study visit for 20 participants

5. Planning, decision-making and management in municipal housing utilities Project included the drafting of a working plan together with a local expert group and a study visit for 20 participants and a follow-up seminar in Novgorod.

### **The Congress of Russian Municipalities, Moscow**

- ÖST 192/00: Support to the Congress of Municipalities of the Russian Federation (Six months in 2000, SEK 678 000)

The main aim of the project was to strengthen the role of the Congress of Russian municipalities (CMRF) through the promotion of working contacts of CMRF with its members and central decision-makers. Second aim was to strengthen the contacts between the Swedish Association of Local Authorities (SALA) and CMRF in order to create a basis for closer co-operation in the future. Activities included a study visit to SALA and organizing a discussion seminar on local finances in Moscow.

# Appendix 4

## Terms of reference

Evaluation of Sida supported projects in the field of strengthening Local democracy in Russia carried out by Sala-Ida between 1995–2000

### 1 BACKGROUND

The role of local self government is poorly developed in the countries of Central and Eastern Europe as well as the former Soviet Union. In Russia, president Yeltsin by decree ordered that all municipalities should have an elected assembly already in 1991 but a law on local self-government was adopted only as late as in 1995. Since Sweden has a long tradition in this field and a well-known reputation of the development of local self-government, Sweden has considered support in this sector to be particularly important, which is reflected in the strategy for development cooperation with Russia (sept -99).

Local self-government has been a priority in several cooperation projects between Sweden and Russia since 1990. During 1990–1993 the Swedish consultancy firm Sipu carried out five projects in Russia in this field. Between 1993–1997 the city of Stockholm carried out two projects in St. Petersburg on issues of information and local budget.

Since 1993, the Swedish Association of Local Authorities, SALA, has been assigned by BITS/Sida to allocate means for twin-city projects between Sweden and Central/Eastern Europe (incl Russia). In 1995, SALA decided to expand their activities acting as project manager in several projects concerning the development of local self-governance in Central and Eastern Europe. The Ukrainian project was evaluated in 1999 but the Russian projects have not been evaluated until now.

This evaluation will thus cover the following geographical areas:

#### 1.1 Kaliningrad oblast

The cooperation between SALA and Kaliningrad city administration was initiated in 1995 when Sida decided to finance the support of the development of local self-government. This first project was carried out over two years at an amount of 1 241 000 SEK (ÖST 113/95) with the aim to strengthen local self-governance, to provide assistance in the outlining of city-charters, to strengthen cooperation between municipalities and to create a base for a regional association for local authorities in the city of Kaliningrad as well as in seven other municipalities in the region.

During the following years another three projects were supported by Sida in the field of local finances (1 330 000 SEK, ÖST 74/97), education of local politicians (525 000 SEK, ÖST 112/97) and in the social sector (ÖST 123/97). The last one is however not a subject of this evaluation.

A large project amounting to 7 013 000 (ÖST 385/98) started in 1998 and ran until October 2000. The project was divided into several sub-projects, the aims of which were to strengthen the roles of the elected representatives in the municipal councils and in the regional дума, to support the Regional Kaliningrad Association of Local Authorities and to strengthen the development of accounting, the budget process and the financial relations between different levels of government.

### *1.2 The republic of Karelia*

In 1995, SALA was assigned by Sida to conduct a study on the economical, political and social situation in Karelia. The study pointed out the difficulties regarding financial management in the municipalities of the republic. In 1997, a pilot project was initiated in the city of Kondopoga (881 000 SEK ÖST 14/97) directed at financial management. In Medvechegorsk, later the same year, a similar project was launched (552 000 ÖST 191/97).

In 1996 the Karelian Regional Association for Local Authorities was founded and in 1998 a project in support of this association was initiated (115 000 SEK, ÖST 71/98). The same year a project in support of women politicians was conducted (191 000 SEK, ÖST 136/98) by a tema from Norrbotten county. The aim was to raise the awareness and skills of women politicians and to strengthen the support for women participation in the process of political and administrative reforms in the republic of Karelia.

A larger project concerning support to the local budget process, local financing and accounting, as well as the financial relations between regional and local level, was initiated in 1998 (5 870 000 SEK, ÖST 63/98). The project was planned to be finished in 2000. Due to several circumstances the realisation of the project has been delayed and is now planned to be concluded by June 2001.

### *1.3 Novgorod Oblast*

In May 1999, Sida in cooperation with Novgorod Oblast, worked out a programme for development of local democracy and local administration during 1999–2002.

A tender process led to the choice of SALA and Sipu as consultants. The project of 2000 focused on training of key managers and policy-makers in general management, financing and budgeting, governance, human resources management and housing sector specifics. The first stage of the project amounts to 5 420 000 SEK (ÖST 110/00) and a second stage is planned for 2001–2002.

### *1.4 The Congress of Russian Municipalities*

The Congress of Russian Municipalities was founded in 1998. A project with the main aim of strengthening this newly established body in the Russian society was initiated in 2000 to be finished the year after (ÖST 192/00, 678 000 SEK). The project further aims at improving the working methods the CMRF concerning the contacts with its members and central decision makers as well as to improve the knowledge on tax-issues and local government financing. In addition the project aims at strengthening the contacts between the CMRF and SALA-IDA and is planned to be expanded into a possible second phase.

### *1.5 Other related projects*

During the years, Sida has supported several projects in the field of local self-governance and local democracy. A majority of them has been carried out by SALA-IDA but there are also other parties such as OMNIA, Sipu, Ekonomisk Rådgivning AB and Zenit International which could be worth studying to achieve a full picture of the Swedish support during 1995–2000. These projects shall however merely serve as a reference basis and as examples of alternative ways of action. A list of these will be provided by Sida.

## **2 PURPOSE AND SCOPE OF THE EVALUATION**

The purpose of the evaluation is to acquire knowledge about the relevance, effects, impact, cost-effectiveness and sustainability of the Swedish support so far and to point out future development

possibilities as well as lessons to be learned. The specific task is to evaluate the results and to assess, the impact of the interventions brought about by the Swedish Association of Local Authorities (Svenska Kommunförbundet, SALA) in Russia between the years 1995 and the present, with a total SIDA support of approximately 20 MSEK.

The evaluation covers all the above listed projects with an emphasis on the projects in Kaliningrad and the republic of Karelia. With regards to the more recent projects in Novgorod and Moscow, a deeper study is not needed, but these should serve as reference in the discussion about methods and options. The evaluation does not cover the regular twin-city programme. A strategy for SALA's further international development is under preparation which shall be taken into account.

### 3 THE ASSIGNMENT

The evaluation shall cover the following issues:

- To what extent have the objectives and goals of the projects have been achieved? Is it possible to distinguish any clear results of the projects, for example improved routines, approved action plans etc?
- Reasons for low or high achievement of goals. For example, why have some projects been delayed? What are the reasons behind the success/failure of particular projects?
- Relevance: The relevance of the project approach, goals and services carried out by the consultants in relation to the needs in the area of rural development. How relevant is the Swedish experience of local self-governance (strong municipalities and the right of taxation) to the Russian reality and to what extent is it actually deemed relevant by the Russian parties?
- Efficiency of the project implementation. The fulfilment of roles and responsibilities of the parties involved. Which components of the projects have been more or less well-functioning?
- Cost effectiveness: Could the same results have been achieved with fewer resources or with an alternative approach?
- Whenever possible, the evaluation shall cover the gender aspects of the implementation and the results of the projects.
- Lessons to be learned for future projects.
- Relevance and sustainability of future cooperation/project proposals. How shall possible future cooperation projects be directed? Federal/regional/local level? What kind of Swedish competence is needed and what type of actors would be best suited to carry through such projects (SALA-IDA, other consultant firms, authorities, associations, universities)?

### 4 METHODOLOGY, EVALUATION TEAM AND TIME SCHEDULE

#### 4.1 Methodology

All written documentation (including reports and existing new project proposals) regarding the projects shall be studied. To collect the required material, the Consultant will review relevant project related documentation at Sida. Field visits shall take place in the republic of Karelia, the oblasts of Kaliningrad and Novgorod as well as in Moscow. Interviews shall be made with project managers and other relevant persons engaged in the projects.

Thus, the evaluation/assessment mission consists of the following parts:

*Local Projects* Locations for the projects to be assessed are (1) the Kaliningrad exclave in the Baltic Sea coast, (2) Petrozavodsk, Kondopoga, Sortavala and Medvezjegorsk in the Karelian Republic and (3) Novgorod oblast. The project sites/municipalities will be visited and the local staff that has been participated in the projects will be interviewed. (cf. the attached tim

*Moscow.* The Russian Congress of Municipalities (RCM), located in Moscow, has recently been supported by the SALA. Its institutional development, role and capacity, is to be studied as a part of the mission. The CMRF headquarters in Moscow will be visited and the key persons

*Swedish Actors and Activities.* The experiences and expertise of the Swedish Association of Local Authorities, SALA-IDA and other consultants is to be studied. Interviews will be made in Stockholm and eventually in other relevant sites.

*Other International Actors and Activities.* There are several other bilateral and multilateral projects dealing with local self-government. A brief review of these activities should be made, based mainly on published material but also on interviews with relevant organisations.

The Area Managers at Sida will inform the counterparts of the forth-coming evaluation.

#### 4.2 Evaluation team

The evaluation team from Nordregio consists of Prof. Ilari Karppi (IK), responsible for the field work in Russia and Dr. Kaisa Lähteenmäki-Smith (KL-S) responsible for interviews in Sweden.

*Mr Ilari Karppi*, has done research in several East and Central European transition countries and assessed administrative decentralisation and local government reforms in developing countries. He has a wide experience of fieldwork in difficult situations. His academic background is in Administrative Sciences with specialisation in institutional aspects of regional development. In the beginning of January 2001 Dr. Karppi, will take a position as Professor of Regional Studies (regional development and planning) in Finland. He will, however, continue to work for Nordregio on project basis, and can thus still take the responsibility for carrying out the necessary fieldwork for the planned evaluation.

*Ms Kaisa Lähteenmäki-Smith*, before joining the Nordregio staff, co-ordinated the projects of the Finnish Ministry of the Interior carried out in Russia and the Baltic states in an inter-ministerial co-operation monitored by the Ministry for the Foreign Affairs of Finland. Her academic background is in International Relations with specialisation in regionalisation processes in Europe.

#### 4.3 Time schedule

The gathering of information for this evaluation/assessment will be largely based on interviews made in locations of the selected project sites as well as among some of the key donor and/or implementation organisations. Apart from Sweden and Russia, interviews shall be made with Helsinki-based actors with related activities in the target areas including the Ministry for Foreign Affairs of Finland, The Finnish Association of Local Authorities, and the WIDER Institute of the United Nations University.

The following table shows the different locations to be visited and the time schedule:

Timetable		Month	Days	N. of days	In care of
##					
<b>Interviews</b>					
1.	Stockholm	January	8	1	IK
2.	Missions				
	a. Moscow	January	22-24	3	IK
	b. Kaliningrad	February	12-14	3	IK
	c. Karelia	March		4	IK
	- Petrozavodsk				
	- Kondop/Sortavala				
	- Medvechegorsk				
	d. Novgorod	March		1	IK
3.	Helsinki	March	19	1	IK/KLS
4.	Reporting	April	2-9	6	IK
<b>Home Office</b>					
	Stockholm				
	- Interviews	January	8-9	2	KL-S
	- Interviews	February	22-23	2	KL-S
	- Interviews	March	21	1	KL-S
	- Reporting (interim)	March	26-30	5	KL-S
	- Reporting (final)	April	9-12	4	IK/KL-S
<b>Total</b>				<b>33</b>	

## 5 REPORTING

After the visits to Russia, the Consultant will submit a first draft report to the Russian and Swedish counterparts for a review. After having received the counterparts' comments, the draft report will be submitted to Sida. Within two weeks after receiving Sida's comments on the draft report, a final version in 5 copies shall be submitted to Sida. The evaluation report shall be written in Word 6.0 for Windows (or compatible format) and should be presented in a way that enables publication without further editing. Subject to decision by Sida, the report will be published and distributed as a publication within Sida evaluation series.

The draft report, written in English, shall be submitted to Sida on *April 17, 2001*. A final version shall be sent to Sida, not later than *April 30, 2001*. The reports should be outlined in accordance with Sida Evaluation Report – A Standardised Format (see Annex A).

The following enclosures shall be attached to the final report:

- *Terms of Reference*
- *List of persons interviewed (Swedish and foreign parties)*
- *List of documentation*

The evaluation assignment includes the production of a Newsletter following the guidelines in *Sida Evaluation Newsletter – Guidelines for Evaluation Managers and Consultants* (see Annex B) and also the completion of *Sida Evaluation Data Worksheet* (see Annex C). The separate summary and completed Data Work Sheet shall be submitted to Sida along with the final report.

## 6. LIST OF PROJECTS TO BE EVALUATED

### *Kaliningrad oblast*

ÖST 113/95

ÖST 74/97

ÖST 112/97

ÖST 385/98

### *The Republic of Karelia*

ÖST 14/97

ÖST 191/97

ÖST 71/98

ÖST 136/98

ÖST 463/98

### *Novgorod oblast*

ÖST 110/00

### *The Congress of Russian Municipalities, Moscow*

ÖST 192/00

## Cost Estimates

The assessment follows the following budgetary framework:

Project	Days	price (SEK)	travel costs	accomm. costs	daily allowances	Total
<b>Missions</b>						
Moscow	3	15600	4500	2700	1950	24750
Kaliningrad	3	15600	4500	2400	1950	24450
Karelia	4	20800	4000	3200	2600	30600
- Petrozavodsk						
- Kondopga/Sortavala						
- Medvechegorsk						
Novgorod	1	5200	1500	800	650	8150
Local assistance	-	10000	2000	2000	1200	15200
<b>Reporting</b>	6	31200	4500	1600	1300	38600
<b>Home Office</b>						
Stockholm						
- General support	2	10400	0	0	0	10400
- Interviews	6	31200	3500	800	650	36150
- Reporting (interim)	5	26000	3500	800	650	30950
- Reporting (final)	4	20800	0	0	0	20800
- Miscellaneous	-	10000	0	0	0	10000
<b>Total</b>	<b>34</b>	<b>196800</b>	<b>2800</b>	<b>14300</b>	<b>10950</b>	<b>250050</b>



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