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EUROPEAN UNION POLICY ADVICE PROGRAMME AND THE COUNCIL OF EUROPE

Project “Russian Federation – Development of legislative and other measures for the prevention of corruption” (RUCOLA 2)

PROGRESS REPORT 2

Project title	Russian Federation – Development of legislative and other measures for the prevention of corruption (RUCOLA-2)
Reference number	2006/121-984
Project starting date	11 July 2006
Project duration	12 months
Implementation	Council of Europe (Technical Co-operation Division, Department of Crime Problems, DG of Legal Affairs)
Project Budget	209 988 EUR
Date of report	11 June 2007
Reporting period	11 January 2007 – 31 May 2007

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TABLE OF CONTENTS

1. PROJECT SYNOPSIS.....	4
2. ACTIVITIES DURING THE REPORTING PERIOD	6
3. ADMINISTRATIVE ISSUES	9
4. PLANNING FOR THE NEXT REPORTING PERIOD (1 JUNE– 30 NOVEMBER 2007)	10
5. ANNEXES	11
ANNEX I: PROJECT CALENDAR OF ACTIVITIES (REVISED MAY 2007)	12
ANNEX II: PROGRAMME OF THE LATEST PROJECT ACTIVITIES	15

1. PROJECT SYNOPSIS

The Project on the development of legislative and other measures for the prevention of corruption in the Russian federation started on 11 July 2006. The present report hence summarises the activities carried out within the reporting period of 11 January - 31 May 2007, and contains the agreed upon work plan for the project.

1.1 Beneficiary country and institutions

Russian Federation

Primary counterpart institution: the State Duma of the Federal Assembly of the Russian Federation

1.2 Contracting authority

European Commission (EC)

1.3 Implementing organisation

The Council of Europe is responsible for the implementation of the project and the use of the project funds under the contract with the European Commission. Within the General Secretariat of the Council of Europe in Strasbourg, the Technical co-operation section (Department of Crime Problems, Directorate General I - Legal Affairs) is responsible for the overall management and supervision of the project.

1.4 Project objective

The overall objective is to contribute to the effective implementation of the Council of Europe's Criminal Law Convention on Corruption and the United Nations Convention against Corruption by the Russian Federation. The direct objective is to support the State Duma Anti-Corruption Commission in the development of legislative and other measures aimed at the prevention of corruption.

1.5 Planned activities and outputs

The delivery of the three main outputs will be achieved through the main activities as outlined in the following scheme:

Output 1 *Methodologies for assessing and preventing corruption risks in legislation are developed and tested in pilot areas of legislation (health, education and public procurement). Legislative proposals to reduce such risks in the indicated areas of legislation have been prepared.*

Activity 1.1 Organise up to 2 workshops of Russian and international experts to analyse the methods and approaches for assessing and preventing corruption risks in legislation in Russia and other European countries

Activity 1.2 Organise up to 3 meetings of Russian and international experts in order to study the legislative provisions enforced in the Western Europe regulating health, education and public procurement with regard to preventing corruption and make comparative analysis with the provisions of the Russian law in the field, applying the relevant methodology

Activity 1.3 Elaborate and evaluate legislative proposals to strengthen the anti-corruption effort in the indicated areas of legislation

Output 2 *Proposals for a national corruption prevention strategy (including legislative and institutional proposals) developed*

Activity 2.1 Organise up to 2 meetings of Russian and international experts in order to study the experience of European countries in the sphere of development and functioning of the national anti-corruption strategies

Activity 2.2 Organise up to 2 meetings of Russian and international experts in order to study the experience of European countries in the sphere of creation and functioning of a specialised body responsible for the co-ordination of national efforts in the sphere of combating and prevention of corruption.

Activity 2.3 Organise 1 conference in Moscow or a regional capital with participation of a broad circle of specialists and representatives of the civil society to elaborate recommendations on the strategy and measures for corruption prevention

Activity 2.4 Elaborate and evaluate legislative proposals on the basis of the above recommendations for creating a national anti-corruption strategy

Output 3 *The materials produced within the framework of the Project for Harmonisation of Russian Anti-Corruption Legislation with International Standards (2005) published and disseminated*

Activity 3.1 Compile, edit, publish and distribute a brochure containing a selection of the best materials produced within the framework of Project for Harmonisation of Russian Anti-Corruption Legislation with International Standards (2005)

2. ACTIVITIES DURING THE REPORTING PERIOD (11 January – 31 May 2007)

The following **general activities** were carried out during the reporting period:

- Output 1

Activity 1.2 - A meeting of Russian and international experts in order to study the legislative provisions enforced in the Western Europe regulating health with regard to preventing corruption and make comparative analysis with the provisions of the Russian law in the field, applying the relevant methodology (22 February 2007)

The project experts that made contributions to the meetings: Mr Quentin Reed, Lead expert to the project (UK), Mr Peter Trepte (UK), Mr Vladimir Yuzhakov (Russia), Ms Larisa Sannikova (Russia), Ms Elvira Talapina (Russia).

Mr Quentin Reed presented a paper on corruption in healthcare and the main policies that have been or can be used to tackle it, underlining the importance of overall health system and funding. Ms Larissa Sannikova and Ms Elvira Talapina presented a more narrowly focused contribution which identified – through the application of the corruption risk assessment methodology provisions of certain laws that increase the risk of corruption in healthcare.

Activity 1.1 - A meeting of Russian and international experts to elaborate and evaluate the legislative proposals to strengthen the anti-corruption effort in the spheres of education, healthcare and public procurement (20 March 2007)

The project experts that made contributions to the meeting: Mr Quentin Reed, Lead expert to the project (UK), Mr Peter Trepte (UK), Mr Vladimir Yuzhakov (Russia), Ms Larisa Sannikova (Russia), Ms Elvira Talapina (Russia), Ms Nina Solovyanenko (Russia).

Methodology for assessing corruption risks in laws/reform of legislative process

Mr Quentin Reed presented his opinion on the “Guidelines to experts on the initial assessment of a legislative act for corruption risks” that is currently being used by the experts to screen laws/draft laws. He argued in particular that the objectives of the methodology should be clarified to include the identification of not only legal provisions that facilitate corruption in the implementation of laws, but also legal provisions that are inherently corrupt as they legalise the provision of benefits to certain individuals or groups with no public interest justification. In addition, he proposed a clarified structure of the methodology, with some changes and additions.

The Russian experts agreed that as appropriate the recommendations on the structure and detailed wording of the methodology will be taken into account during its revision in April-May 2007.

The expert also presented brief recommendations on reform of the legislative process, following on an earlier contribution on corruption in the legislative process (17-18 October 2006), which argued the need to base the process on six principles. In particular, it was recommended to carry out a detailed analysis of the Russian legislative process, and a set of specific questions based on the six principles.

Corruption in education, healthcare and public procurement

Mr Quentin Reed presented brief opinions on the recommendations submitted by two Russian experts (Ms Larissa Sannikova and Ms Elvira Talapina) for changes to legislation governing the education and healthcare sectors. The opinions argued that while the expert was in broad agreement with the proposals for legislative changes, in order to really tackle corruption in these sectors it is necessary to adopt a much broader approach, developing targeted reforms based on research and analysis into how key aspects of the education and healthcare sectors work in practice. The expert suggested an outline of the areas in which such research and analysis should be conducted.

Mr Peter Trepte had prepared this opinion on the proposals of two Russian experts (Nina Solovyanenko and Elvira Talapina) for legislative changes in the area of public procurement. Mr Trepte was unable to attend, therefore his report was presented by Mr Quentin Reed. Mr Trepte's opinions on individual proposals were mostly supportive and of a clarificatory/modificatory nature, and it was recommended that the Russian experts should incorporate them as appropriate.

Activity 1.3 - A meeting of Russian and international experts to present the legislative proposals to strengthen the anti-corruption effort in the spheres of healthcare, education and public procurement (25 April 2007)

The project experts that made contributions to the meetings: Mr Quentin Reed, Lead expert to the project (UK), Mr Vladimir Yuzhakov (Russia), Ms Larisa Sannikova (Russia), Ms Elvira Talapina (Russia), Ms Nina Solovyanenko (Russia).

The Russian experts summarised the reforms proposed for the three sectors of public procurement (Ms Nina Solovyanenko), education (Ms Larissa Sannikova) and healthcare (Ms Elvira Talapina). These summaries were based both on these experts' original proposals for legislative changes derived from the application of the methodology for screening legislative acts for corruption risks, and the recommendations of foreign experts in the three sectors (Mr Quentin Reed for education and health, and Mr Peter Trepte for procurement). The main message of the proposals was that the adjustments to existing legislation based on the conclusions of the corruption risk analysis are not sufficient to address the serious problems of these sectors, especially in the case of education and healthcare, and that more fundamental reforms are required.

- Output 2

Activity 2.1 – A meeting of Russian and international experts to elaborate the first recommendations for creating a national anti-corruption strategy (22 February 2007)

The project experts that made contributions to the meetings: Mr Drago Kos (Slovenia) and Ms Elena Panfilova (Russia)

Ms Elena Panfilova presented an outline of a detailed proposal for a Russian anti-corruption strategy, covering 'repressive' measures such as ensuring full compatibility with international conventions, but also a wide range of preventative policies such as civil service reform. The contribution was well-received and it was agreed that it should serve the basis for recommendations to be produced by the project. The discussion of this issue also returned to the subject of what form a national anti-corruption body (envisaged in a recent Presidential

decree) should take. It was agreed that if such a body is not already constituted before the end of the project, the project should outline a range of options for the location, composition, role and powers of such a body, clarifying the advantages and disadvantages of each option.

Activity 2.2 - A meeting of Russian and international experts to present recommendations and legislative proposals on the strategy and measures for corruption prevention (25 April 2007)

The project experts that made contributions to the meetings: Mr Drago Kos (Slovenia) and Ms Elena Panfilova (Russia)

Ms Elena Panfilova and Mr Drago Kos gave brief presentations on the issue of what kind of specialised anti-corruption body should be created in the Russian Federation. Ms Elena Panfilova outlined the various models available: an independent and specialised anti-corruption institution, a commission composed of representatives of the main stakeholders, or an agency which is attached to one of the already existing law enforcement agencies or services. She stressed the need for the institution itself and the process of its establishment to be governed by the principles of independence (including financial), legitimacy, representation and transparency, and criticised the closed nature of the operation of the current interdepartmental working group working on the issue. Mr Drago Kos underlined Russia's obligations under the UN Convention against Corruption to establish or have in place an anti-corruption body or bodies fulfilling three tasks: anti-money laundering, implementation of a national anti-corruption strategy, and law enforcement. He also stressed that whatever body is established it should be staffed by professional specialists, and that the worst option that could be chosen would be an ad hoc consultative body.

- Output 3

Activity 3.1 - Compile, edit, publish and distribute a brochure containing a selection of the best materials produced within the framework of Project for Harmonisation of Russian Anti-Corruption Legislation with International Standards (2005).

The experts identified by the Duma prepared a 100 page summary for the RUCOLA 1 project based on the experts' reports and the meeting proceedings.

The experts of the RUCOLA 2 project are now preparing a 20 page summary for each of the 5 project areas (healthcare, education, public procurement, anti-corruption strategies and anti-corruption bodies).

The publication will be finalized, printed out in Moscow and distributed at the Closing project Conference in October 2007.

3. ADMINISTRATIVE ISSUES

- In accordance with the request of the project beneficiary - the Anti-Corruption Commission of the State Duma of the Federal Assembly of the Russian Federation – to postpone the final Conference and to conduct 2 more activities of topical interest to them, and taking into account the unspent project funds, it was decided to apply for the project extension till 30 November 2007 within the budget already allocated for the action. All the necessary papers including the revised budget and the revised work plan were forwarded to the European Commission for approval in June 2007.
- In view of the inability to hold an activity 2.3 (Conference with participation of a broad circle of specialists and representatives of the civil society to elaborate recommendations on the strategy and measures for corruption prevention) in June-July 2007 as previously planned due to heavy schedule of the project beneficiary it was decided to postpone it to October 2007.
- 2 more activities were added to the work plan to be carried out in October-November 2007: a meeting of Russian and international experts in order to study the legislative provisions enforced in the Western Europe regulating electronic bidding in the field of public procurement with regard to preventing corruption and make comparative analysis with the provisions of the Russian law and a meeting of Russian and international experts in Moscow in order to study the experience of Singapore in the sphere of creating and functioning of a specialised body responsible for the co-ordination of national efforts in the sphere of combating and prevention of corruption.
- The publication on the results of the RUCOLA 1 project will also include a chapter on the main results of the RUCOLA 2 project. The budget for this activity will remain unchanged.
- The news for the project as well as the expert reports and all the relevant documents are posted regularly in 2 languages (English and Russian) on the webpage of the RUCOLA 2 project on the Council of Europe website (<http://www.coe.int/rucola2>).

4. PLANNING FOR THE NEXT REPORTING PERIOD (1 June– 30 November 2007)

It was decided to carry out the following activities according to the project work plan:

- Output 1

Activity 1.4

- To organise a meeting of Russian and international experts in order to study the legislative provisions enforced in the Western Europe regulating electronic bidding in the field of public procurement with regard to preventing corruption and make comparative analysis with the provisions of the Russian law (November 2007).

- Output 2

Activity 2.3

- To organise a large-scale conference in Moscow or a regional capital with participation of a broad circle of specialists and representatives of the civil society to elaborate recommendations on the strategy and measures for corruption prevention (October 2007).

Activity 2.5

- To organise a meeting of Russian and international experts in Moscow in order to study the experience of Singapore in the sphere of creation and functioning of a specialised body responsible for the co-ordination of national efforts in the sphere of combating and prevention of corruption (October 2007).

- Output 3

- To finalise the publication by July 2007, to print out 500 copies in Moscow and to distribute it at the Closing Conference in October 2007.

5. ANNEXES

ANNEX I: Project calendar of activities (revised May 2007)

Outputs and activities	Description	2007													
		2006						2007							
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
Output 1	Approaches and a pilot methodology for assessing and preventing corruption risks in the legislative process are developed and tested on pilot areas of legislation (health, education and public procurement). Legislative proposals strengthening the anti-corruption effort in the indicated areas of legislation prepared.	1	2	3	1	2	3	4	5	6	7	8	9	10	11
Activity 1.1	Organise up to 2 workshops for experts to analyse the methods and approaches for assessing and preventing corruption risks in legislation in Russia and other European countries.	X								X					
Activity 1.2	Organise up to 3 meetings of Russian and international experts in Moscow in order to study the legislative provisions enforced in the Western Europe regulating health, education and public procurement with regard to preventing corruption and make comparative analysis with the provisions of the Russian law in the field, applying the relevant methodology.			X											
Activity 1.3	Elaborate and evaluate legislative proposals to strengthen the anti-corruption effort in the indicated areas of legislation.				X	X	X	X	X	X	X	X	X	X	X
Activity 1.4	To organize a meeting of Russian and international experts in order to study the legislative provisions enforced in the Western Europe regulating electronic bidding in the field of public procurement with regard														X

Project RUCOLA 2 - PROGRESS REPORT 2

Outputs and activities	Description	2006		2007														
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov			
		1	2	3	1	2	3	4	5	6	7	8	9	10	11			
	to preventing corruption and make comparative analysis with the provisions of the Russian law.																	
Output 2	Proposals for a national corruption prevention strategy (including legislative and institutional proposals) developed.																	
Activity 2.1	Organise up to 2 meetings of Russian and international experts in Moscow in order to study the experience of European countries in the sphere of development and functioning of the national anti-corruption strategies.	X					X											
Activity 2.2	Organise up to 2 meetings of Russian and international experts in order to study the experience of European countries in the sphere of creation and functioning of a specialised body responsible for the co-ordination of national efforts in the sphere of combating and prevention of corruption.			X				X										
Activity 2.3	Organise 1 large-scale conference in Moscow or a regional capital with participation of a broad circle of specialists and representatives of the civil society to elaborate recommendations on the strategy and measures for corruption prevention.																X	
Activity 2.4	Elaborate and evaluate legislative and institutional proposals on the basis of the above recommendations for creating a national anti-corruption strategy.				X	X	X	X	X									
Activity 2.5	To organise a meeting of Russian and international experts in Moscow in order to study the experience of Singapore in the sphere of creation and functioning of																X	

Project RUCOLA 2 - PROGRESS REPORT 2

Outputs and activities	Description	2006		2007											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
	a specialised body responsible for the co-ordination of national efforts in the sphere of combating and prevention of corruption.	1	2	3	1	2	3	4	5	6	7	8	9	10	11
Output 3	The materials produced within the framework of the Project for Harmonisation of Russian Anti-Corruption Legislation with International Standards (2005) published and disseminated.														
Activity 3.1	Compile, edit, publish and distribute a brochure containing a selection of the best materials produced within the framework of Project for Harmonisation of Russian Anti-Corruption Legislation with International Standards (2005).	X	X	X	X	X	X	X	X	X	X	X			

ANNEX II: Programme of the latest project activities

Meeting of Russian and International experts Moscow

**State Duma of the Federal Assembly of the Russian Federation
Room 706 (Okhotnyi ryad 1)
22 February 2007**

10.00-10.10 Opening by Mr **Mikhail I. Grishankov**, Chairman of the State Duma Commission on Combating Corruption

Proposals for a national corruption prevention strategy *Chairman Quentin Reed*

10.10-10.40 **Elena A. Panfilova**, General Director of the Center for Anti-Corruption Research and Initiative Transparency International and **Drago Kos**, Chairman of the Commission for the Prevention of Corruption in the Republic of Slovenia and Chairman of the Group of States against Corruption – GRECO: *The issue of the development and functioning of the national anti-corruption strategies. Elaboration and evaluation of the legislative proposals.*

10.40-11.40 Discussion

11.40-12.00 Conclusions. Final remarks for the morning session.

12.00-13.00 Break

Approaches for assessing and preventing corruption risks in the legislative process in the spheres of healthcare and education. Elaboration and evaluation of legislative proposals to strengthen the anti-corruption effort in the indicated areas of legislation

Chairman Vladimir Yuzhakov

13.00-13.20 **Quentin Reed**, Lead expert to the RUCOLA 2 project: *Corruption and anti-corruption strategies in health systems: an overview of the issues and policy solutions*

13.20-13.50 **Elvira Talapina**, Senior scientific expert, Institute of State and Law, Russian Academy of Sciences, Candidate of Law and **Larissa Sannikova**, Senior scientific expert, Institute of State and Law, Russian Academy of Sciences, Candidate of Law: *Corruption risk assessment of the legislation in the sphere of healthcare (joint report with regard to the assessment of corruption risks in legislation on healthcare of the Russian Federation carried out by 2 independent experts)*

13.50-14.20 Discussion

14.20-14.40 **Larissa Sannikova**, Senior scientific expert, Institute of State and Law, Russian Academy of Sciences, Candidate of Law and **Elvira Talapina**, Senior scientific expert, Institute of State and Law, Russian Academy of Sciences, Candidate of Law: *Corruption risk*

assessment of the legislation in the sphere of education (joint report with regard to the assessment of corruption risks in legislation on education of the Russian Federation carried out by 2 independent experts)

14.40-15.10	Discussion
15.10-15.40	Conclusions. Final remarks
15.40	End of seminar
15.40-16.40	Meeting of experts to the project

Meeting of Russian and International experts
Moscow
State Duma of the Federal Assembly of the Russian Federation
Room 830 (Georgievsky Per. 2)
20 March 2007

10.00-10.10 Opening by Mr **Mikhail I. Grishankov**, Chairman of the State Duma Commission on Combating Corruption

Elaboration and evaluation of legislative proposals to strengthen the anti-corruption effort in legislation

Chairman Vladimir Yuzhakov

10.10-10.30 **Quentin Reed**, Lead expert to the RUCOLA 2 project: *An expert opinion on 'Guidelines to experts on the initial assessment of a legislative act for corruption risks' and recommendations for approaches to prevent corruption in the legislative process*

10.30-10.50 Discussion

Approaches and a pilot methodology for assessing and preventing corruption risks in the legislative process in the spheres of education, healthcare and public procurement: Elaboration and evaluation of legislative proposals to strengthen the anti-corruption effort in the indicated areas of legislation

Chairman Vladimir Yuzhakov

10.50-11.20 **Quentin Reed**, Lead expert to the RUCOLA 2 project: *An expert opinion on the legislative proposals in the spheres of education and healthcare made by the Russian experts to the project*

11.20-11.40 Discussion

11.40-11.55 Peter Trepte, Barrister specialising in public procurement, Council of Europe expert: *An expert opinion on the legislative proposals in the sphere of public procurement made by the Russian experts to the project*

11.55-12.15 Discussion

12.15-12.30 Conclusions. Final remarks

12.30 End of seminar

12.30-13.00 Meeting of the experts to the project

Meeting of Russian and International experts
Moscow
State Duma of the Federal Assembly of the Russian Federation
Room 830 (Georgievsky pereulok 2)
25 April 2007

10.00-10.10 Opening by Mr **Mikhail I. Grishankov**, Chairman of the State Duma Commission on Combating Corruption

Approaches for assessing and preventing corruption risks in the legislative process in the spheres of healthcare, education and public procurement: elaboration and evaluation of legislative proposals to strengthen the anti-corruption effort

Chairman Vladimir Yuzhakov

10.10-10.30 **Nina Solovyanenko**, Senior scientific expert, Institute of State and Law, Russian Academy of Sciences, Candidate of Law: *Presentation of the legislative proposals to strengthen the anti-corruption effort in the sphere of public procurement taking into account the discussions taken place within the framework of the RUCOLA2 project*

10.30-10.50 **Elvira Talapina**, Senior scientific expert, Institute of State and Law, Russian Academy of Sciences, Candidate of Law: *Presentation of the legislative proposals to strengthen the anti-corruption effort in the sphere of healthcare taking into account the discussions taken place within the framework of the RUCOLA2 project*

10.50-11.10 **Larissa Sannikova**, Senior scientific expert, Institute of State and Law, Russian Academy of Sciences, Candidate of Law: *Presentation of the legislative proposals to strengthen the anti-corruption effort in the sphere of education taking into account the discussions taken place within the framework of the RUCOLA2 project*

11.10-11.25 **Vladimir Yuzhakov**, President, Institute for Modernisation of the Public (state and municipal) Administration, professor: *Perspectives of the development and introduction of methodologies for corruption risk prevention in legislation*

11.25-12.00 Discussion

12.00-13.00 Break

Recommendations and legislative proposals on the strategy and measures for corruption prevention
Chairman Quentin Reed

13.00-13.30 **Elena A. Panfilova**, General Director of the Center for Anti-Corruption Research and Initiative Transparency International and **Drago Kos**, Chairman of the Commission for the Prevention of Corruption in the Republic of Slovenia and Chairman of the Group of States against Corruption – GRECO:
The issue of creating in Russia a specialised body/bodies responsible for the co-ordination of national efforts in the sphere of combating and

prevention of corruption: legislative and institutional proposals for creating a national anti-corruption strategy

13.30-14.00	Discussion
14.00-14.15	Conclusions. Final remarks
14.15	End of seminar
14.15-14.45	Meeting of experts to the project