СОВМЕСТНАЯ РАБОЧАЯ ГРУППА РОССИИ И США ПО ВОПРОСАМ ИНВЕСТИЦИИ И ПРОЗРАЧНОСТИ

RUSSIA-US JOINT WORKING GROUP ON INVESTMENT AND INSTITUTIONAL INTEGRITY

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Russia-US Joint Working Group on Investment and Institutional Integrity

Executive Summary

The Russia-US Joint Working Group on Investment and Institutional Integrity – 12 concerned Russian and US business leaders, civil society representatives, and academics – has formulated concrete and actionable recommendations for collaborative public and private sector initiatives to strengthen institutions of integrity, governance, and transparency in Russia. The Working Group believes that a better business climate and reduced levels of corruption are keys to stimulating economic growth, attracting investment, creating jobs, lowering costs, and facilitating Russia’s further integration into the global economy.

The Working Group applauds the anticorruption measures introduced in recent years – notably President Medvedev’s National Anticorruption Plan – but urges increased attention to the “incentive system” in Russia’s economy, as well as to:

- Ensuring that existing laws function as intended;
- Improving governance in problem areas; and
- Engaging with the international community, through both the private sector and various international agreements.

Overall, the Joint Working Group encourages the Russian and international business communities, along with civil society, to support government efforts to increase transparency and reduce tolerance for corruption by making use of its experience and intellectual capital to:

- Perform anticorruption-expert analysis of laws at the national level;
- Provide expertise in the development of anticorruption instruments;
- Launch campaigns to build public support for anticorruption measures;
- Create independent centers to study and to monitor corruption; and
- Study and advocate for the introduction of proven international anticorruption measures in Russia.

Recommendations

The Joint Working Group identified eleven actionable areas which build on President Medvedev’s initiatives and measurably address the integrity issues confronting both Russia and the international business community today.

- The private sector should **advocate for the adoption and the implementation of international commitments**, most notably accession to, and ratification of, the OECD Convention on Combating Bribery of Foreign Officials. Along with compliance with the UN Convention Against Corruption (UNCAC), Russia’s definition of “government official” should be consistent with global standards, the promising of bribes should be banned, and the concept of criminal liability for legal entities should be introduced.
In the realm of **government procurement**, Russia should retain the requirement that bidders submit guarantees or advance payments to obtain preliminary qualification, as well as the policy of “hard” contract prices. Russia should also institute auctions as the preferred method for awarding contracts, and perform random independent quality audits of procured products and services.

To promote transparency and reduce opportunities for corruption, foreign investors and Russian firms should comply with **international corporate governance practices and guidelines**. To maintain these guidelines, corporate boards of directors should recruit independent directors, and ensure that such directors are trained in anticorruption compliance, and are subject to strict performance evaluation criteria.

The two countries’ **law enforcement agencies** should create mechanisms for exchanging relevant data on corruption issues. Top prosecutors from both countries should establish a platform for sharing best practices, and an expert advisory group on the G8 and G20 levels could use successful experiences in other countries to support the development of anticorruption measures.

A new law reducing **barriers for businesses** limits inspections and requires entrepreneurs only to notify the government, rather than obtain prior approval, before launching certain business activities. Further reforms are needed to remove the remaining barriers to those businesses not subject to the new procedures.

A law passed in February 2009 grants citizens the right of **access to information** on state agencies but fails to establish procedures to enable such access. Additional regulations are needed to guarantee accurate, timely, and unencumbered access to information from all levels of government, particularly via the Internet.

All draft laws should undergo **anticorruption expert evaluation** to determine both their potential for corruption and compliance with existing guidelines. Such a federal program can be modeled after successful programs in Russian regions.

To ensure the effectiveness of President Medvedev’s executive orders requiring the **declaration of earnings and assets** by civil servants and office-seekers, the government must guarantee public access to this information and create mechanisms preventing officials from transferring illicit assets to relatives or friends.

To ensure **public control over the implementation** of the National Anticorruption Plan, including business associations and other civil society institutions.

New laws must establish **liability for corruption** covering a variety of violations beyond bribery, reduce bureaucrats’ too-frequent “immunity” from criminal prosecution, and protect whistleblowers who expose corruption.

Because the judicial system itself is often associated with corruption, a number of **court reform** measures are in order: creating a system of administrative courts;
reviewing the role of court chairmen; overhauling the legal education system; and bolstering the independence of regional and local courts.

- Russia may consider the establishment of an **autonomous anticorruption agency** answering to only the President. Such an agency’s transparency must be guaranteed through an independent body that can monitor and publicize its activities.

- **Build public awareness** of the dangers of corruption and promote intolerance to corruption at all levels of society.
Introduction

This Russia-US Joint Working Group on Investment and Institutional Integrity has come together to propose concrete, actionable recommendations on how the private and public sectors, as well as civil society in our countries can work together to strengthen institutions of integrity, governance, and transparency in Russia. In our view, clearer “rules of the game” and reduced levels of corruption can stimulate economic growth, attract investment, create jobs, lower costs of goods and services, and facilitate Russia’s integration into the global economy.

We also acknowledge the social sectors that are affected by corruption, such as education, healthcare, and other social services, which leads to tolerance of corruption by the general population. To date, many of these efforts have been undermined by the gap between formal and informal institutions. As they relate to attitudes towards corruption, informal institutions, such as the behavior of individuals, have been much slower in changing. In this regard, reducing tolerance for corruption at levels of society and awareness building for the public and the private sectors should be considered as an important part of any sustained anti-corruption strategy.

For these reasons, the Russian and US business communities have voiced their support for the important anticorruption measures that Russia has recently put into place, including the National Anticorruption Plan, which was developed in 2008 as part of the implementation of President Medvedev’s Decree “On Measures to Reduce Corruption.” In fact, over the last eight years, Russia has achieved a number of successes in reducing opportunities for corruption, by streamlining business registration, reducing licensing, improving government procurement, and easing regulation and oversight of business. In addition, regulations have been passed to enhance transparency in administration, and Russia has ratified many relevant international agreements.

Members of this Working Group believe that Russia should continue building upon these efforts, ensure their implementation, monitor their effectiveness, and introduce new measures as needed. Legal mechanisms must be strengthened to ensure that civil society can monitor the bureaucracy, which will require strengthening the capacity of civil society. Further, anticorruption policy must be carried out in an integrated and systemic fashion, rather than as a series of separate measures and laws. This will entail efforts to eliminate the underlying conditions and root causes of corruption, moving beyond stricter control over violations. While we recognize the importance of law enforcement, we believe that increased emphasis should be placed on restructuring the incentive system by:

- Ensuring that existing laws function as intended and are properly enforced;
- Improving governance where it is found to be ineffective;
- Reducing the level of state involvement in the economy; and
- Engaging with the international community, both through the private sector and through various international treaties and conventions.

The first and second points will require that, where needed, new laws and regulations are introduced, or existing laws and regulations are streamlined and more actively enforced with respect to procurement, regulation of business, administrative procedures, and access to budget funds. The third point will entail enhanced dialogue between Russia and its partners.
through business-to-business exchanges and forums. We also believe that the private sector should take the lead on advocating for Russia’s accession to and ratification of key international protocols. In our view, greater participation by the private sector and civil society are necessary to ensure the successful design, implementation and enforcement of a comprehensive anticorruption strategy.

The Russian and international business communities, as well as civil society, should support the government’s efforts to reduce corruption, making use of the experience and intellectual capital to, among others:

- Carry out anticorruption expert analysis of laws at the national level;
- Provide expert advice and commentary in the development of anticorruption documents, programs, and laws;
- Make concrete recommendations to government bodies on the implementation of anticorruption strategies;
- Encourage the business community to implement anticorruption measures and report regularly on impact and results;
- Launch and implement projects and programs in building public support for anticorruption measures through information and education campaigns;
- Create independent centers to study and monitor corruption, with regular reporting on activities and results;
- Study and disseminate successful international experience in combating corruption, and advocate for the introduction of such efforts in Russia.

The members of this Working Group envision this report as the beginning of a process of international cooperation in the effort to reduce corruption and improve the investment climate in Russia.
Russia-US Joint Working Group  
on Investment and Institutional Integrity

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<thead>
<tr>
<th>Russian Federation</th>
<th>United States</th>
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<tbody>
<tr>
<td>Sergei Borisov, President, OPORA Russia</td>
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The members of this Working Group recognize Dina Krylova of OPORA Russia and Marc Schleifer of CIPE for their contribution to preparing this report.
International Measures

International cooperation can have a major influence on the effectiveness of anticroruption efforts. Such cooperation must be based upon global experiences in improving transparency and should be facilitated on both the public and private levels. International experience demonstrates that private sector capital flows are highly dependent on the stability and predictability of the investment climate. Good governance and control over corruption, both in the public and private sectors, are key indicators of such a climate, which countries need to put into place to attract long-term, foreign direct investment and encourage the reinvestment of domestic capital. Such investment, in turn, leads to economic growth and job creation.

In the view of this Working Group, the private sector, together with civil society, must play the leading role in fostering such a climate in Russia, recognizing the benefits of increased investment, and access to new technologies and markets. While the government’s role in the process is also important, both foreign investors and Russian domestic firms should not only demand good governance, but must also demonstrate their own commitment to establishing, implementing, and monitoring compliance with sound governance mechanisms.

In order to play that role, as discussed in more detail below, the private sector should:

- Ensure full compliance with international corporate governance principles, especially emphasizing the role of independent directors and capacity building for boards of directors;
- Build the capacity of the legal community to ensure that anticorruption compliance is a standard part of due diligence reviews of potential investment transactions; and
- Ensure the inclusion of anticorruption measures as part of internal compliance mechanisms, and ensure their full and complete implementation.
- Make discussions on corruption and transparency a permanent part of major investment forums, such as the annual St. Petersburg International Economic Forum;

Private Sector Mechanisms

The private sector should advocate for the proper implementation of Russia’s commitments under the UN Convention Against Corruption (UNCAC). In particular, we recommend that the Russian government and business leaders create a joint commission or a working group to implement Article 12 of UNCAC, which requires adoption of new measures to engender transparency in the private sector.

Although Russia’s recent anticorruption law addresses some of the UNCAC implementation gaps, the members of this Working Group identify the following priorities in ensuring Russia’s compliance with its commitments under UNCAC and other anticorruption initiatives:
• Expand the interpretation of “government official,” in line with international standards, to ensure that all public servants are covered by the anticorruption legislation;

• Introduce criminal liability for the promise to give a bribe, in accordance with the recommendations of the Council of Europe

• Introduce corresponding changes in the Criminal Code of the Russian Federation with respect to liability for bribery of officials of international organizations.

• Introduce criminal liability for legal entities.

Similarly, the private sector should also advocate for the accession to, and ratification of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. This can be done through US and Russian business associations, chambers of commerce, and other private sector civil society groups.

International firms transacting in Russia should take appropriate measures to guarantee the integrity of their supply chains in order to ensure compliance with anti-corruption practices and relevant laws throughout the production process. Additionally, firms that employ the services of intermediary companies should ensure that the activities of such companies comply with relevant national and international laws and standards for good governance and compliance.

The implementation of international corporate governance practices and guidelines by both Russian companies and foreign investors should be viewed as a key private sector vehicle for increasing transparency and reducing opportunities for corruption. Such international guidelines and mechanisms include the OECD Corporate Governance Principles, Transparency International’s Business Principles for Countering Bribery, the International Chamber of Commerce’s Rules of Conduct and Recommendations for Combating Extortion and Bribery, and others. The private sectors of both countries should also comply with relevant international anti-bribery laws, such as the Foreign Corrupt Practices Act of the US.

In the framework of corporate governance, the ability of boards of directors to perform their duties has a direct bearing on the sustainability of investment and overall transparency in the economy. Recognizing the need for professional independent directors in Russia, members of this Working Group recommend the inclusion of independent directors on boards, and support for nongovernmental institutes of directors. Both Russian and international companies operating in Russia should ensure regular training for their directors, including on anticorruption compliance issues, as well as set strict performance evaluation criteria.

To encourage capital market development in Russia, investment communities in both the US and Russia should advocate for recognition of the leading Russian share depositories as valid depositories in accordance with regulations of the US Securities and Exchange Commission. These depositories should be used for clearances, which will make it possible to lower transaction costs on Russian securities markets and help these markets function in a more effective manner.
Regular investment forums can also become an important venue for promoting responsible and transparent corporate practices by stressing the overall linkages among transparency, lower rates of corruption, a stable and predictable investment climate, and increased private sector capital flows. Such forums should focus on successful anti-corruption strategies and effective internal compliance programs as working models for the private sector.

Russian and US business associations should also encourage their members to develop and implement international anticorruption tools, such as integrity pacts, in private-private and private-public transactions, and alternative dispute resolution mechanisms, where appropriate. Sector integrity pacts and other private sectors efforts, such as the Extractive Industries Transparency Initiative, can be very effective in forging shared approaches to increase transparency, accountability and integrity in various sectors, including energy, financial services, and defense.

**Public Sector Mechanisms**

In addition to compliance with global anticorruption conventions and standards, as discussed in the private sector section above, the Russian government can utilize international assistance in improving its own capacity to enforce existing legislation. An agreement between the law enforcement agencies of both Russia and the US on the exchange of relevant information can facilitate this goal. A specialized international commission or working group bringing together top Russian and US prosecutors should be established as a platform for exchange of strategies and experiences in the enforcement of anticorruption legislation. Such a commission or working group can also be an effective tool for reducing corruption in international commercial transactions.

Russia and the US should ensure the implementation of all commitments on the G8 level on increasing institutional and financial transparency. Russia and the US should also create an expert group on the G8 and G20 levels that will provide the support necessary for the development of effective anticorruption instruments, initiatives or commitments. The work of this expert group will utilize the experience of countries that have achieved real results in reducing corruption in the last decade. Members of this group should include both public and private sector leaders, as well as representatives of civil society.

**Domestic Measures**

As discussed, over the past eight years, and in particular, during the first year of President Medvedev’s administration, Russia has taken a number of steps to improve the business climate, encouraging better governance and building transparency. To support and continue these efforts, this Working Group has examined a number of areas in which existing domestic anticorruption mechanisms can be strengthened and new measures introduced. In regards to the effective implementation of anticorruption laws, the government should:

- make sure that it assigns responsibility for the implementation to concrete public officials;
- introduce proper procedures for the implementation;
• hold public officials accountable for their action or inaction as it relates to fulfilling their responsibilities;
• and assign concrete mechanisms for doing so.

Control and Supervision of Business Activities

Russia has recently passed a new law on the control and supervision of business activities, which is likely to have a marked impact on improving transparency and predictability in the course of inspections of businesses by state agencies. This law imposes limits on inspections, and allows entrepreneurs simply to provide notification before launching of a range of business activities which do not require licenses, whereas earlier, prior approval was required.

At the same time, a number of burdensome administrative barriers remain and should be addressed accordingly. These barriers often generate opportunities for corruption, both directly, in the form of bribes, and indirectly, in the form of facilitation payments that entrepreneurs must make to organizations or firms affiliated with relevant officials. Additional reforms are needed to address such barriers, which include:

• Barriers to entry for businesses that do not fall under the new notification procedure, including expensive expert assessments to obtain operating licenses, construction licenses, and permits to put a new facility into use;
• Barriers arising from the requirement to guarantee that various products or services correspond to technical specifications. Too many products are subject this requirement, and entrepreneurs must frequently extend and renew relevant licenses, approvals, and certificates;
• Rule on inspections not governed by the new law on business supervision (such as in the course of police or tax investigations); and
• Procedures governing access to limited budget resources, as well as to state infrastructure (such as the electricity grid).

A working group within the Russian Ministry of Economic Development is currently examining such barriers. In addition, the Russian government is considering eliminating the certification requirement for a range of various products. Additional measures to encourage transparency have been proposed, such as electronic filing for various documents with relevant state agencies. South Korea’s system for electronic filing and document processing could serve as an excellent example for the system that Russia seeks to introduce.

Existing Russian laws that encourage private sector development by limiting government interference in economic activity should be enforced, including article 169 of the Russian Civil Code that provides for the criminal prosecution of government officials who prevent private entrepreneurship.

In addition, efforts should be made to restrict the practice of government officials requesting proprietary information from companies, such as their business activities, plans, and economic prognoses. Such information is often used in insider transactions, which undermines the reputation of Russian financial markets and the investment climate.
Experience has shown that such information can be used by state-owned companies or private firms related to officials, which creates an uncompetitive business environment.

As a means of reducing corruption and improving the investment climate, limits should be placed on government monopolies in the education, healthcare, and social services sectors by encouraging outsourcing. In cases where the state and individuals or companies have conflict arising from the provision of government services means of addressing these grievances and holding public official accountable should be available.

**Government Procurement**

Recently, Russia has put into place new legislation on government procurement that has had an impact on reducing collusion between contractors and government agencies, leading to an estimated savings of 220 billion rubles for the state budget in 2008 alone. A number of measures must be ensured to build on such successes, including:

- Retaining the legal requirement that bidders make an advance payment or guarantee a deposit on a bid as a percent of the value of the contract;
- Retaining the concept of a “hard” contract price that cannot be adjusted or altered;
- Introducing auctions as the generally preferred form for awarding most government contracts, where the decision is based on the bid price, and relevant international experience;
- In regards to auctions in the area of intellectual services, requirements and decision criteria should be transparent; transparency in the process should be extended to all phases of procurement as well as results
- Guaranteeing random independent performance audits to verify the quality of products or services provided.
- Create an international working group to improve procurement practices based on international experiences.

To achieve these goals, Russian has announced plans to create by the end of July 2009 three electronic platforms to carry out government procurement auctions. These will be managed by the Government of Moscow, the Cabinet of Ministers of the Republic of Tatarstan, and Sberbank. In addition, a unified, national website for procurement tenders has been proposed for launch by 2011. The business community should take the lead on ensuring follow-through on these proposed measures.

**Guarantees of Transparency and Access to Information**

Federal Law 8-F3, dated February 9, 2009, “On Ensuring Access to Information on the Activity of State Bodies,” was designed to ensure that Russia upholds its constitutional guarantees of transparency and access to information. This law, which enters into force in 2010, establishes mechanisms under which citizens will have access to information about the activities of state agencies, as well as the form in which such information must be provided. However, this law envisions neither a procedure for such provision of information, nor a list of the type of information that must be provided free of charge. Legal sanctions for noncompliance should also be strengthened.
These procedural issues must be addressed in implementing regulations, which in turn have not yet been passed. Such regulations must guarantee:

- Transparency and access to information about the activities of federal, regional and local government agencies, particularly through the Internet;
- Accuracy and timely provision of such information; and
- Unencumbered search, receipt, provision and dissemination of such information, including through the Internet.

Further, in the view of this Working Group, greater transparency is needed in the development of the legal documents that form the architecture of President Medvedev’s anticorruption efforts. This process must take place in an open manner, in which the public is aware of the identity of the officials responsible for the content and quality of the various documents. Civil society groups and private sector representatives, such as business associations, should have input into the development of these documents. Finally, greater transparency must be injected into budgetary processes, following the lead of the Chuvashia Region, which has introduced an open budget, which is available online.

*Anticorruption Expert Evaluation*

A key role in reducing the underlying conditions for corruption can be played by mandatory expert review of draft laws for their potential to generate corruption, and compliance with anticorruption guidelines. The Russian government has recently issued a corresponding order approving the “Method for Conducting Anticorruption Expert Review,” and a draft law has been introduced and passed by the State Duma, called “On Anticorruption Expert Review of Laws and Draft Laws.” In order to ensure that this mechanism achieves its desired aims, the business community should be encouraged to have its representatives join the ranks of approved experts to review draft legislation. In addition, adoption of the results of such expert review should be made mandatory.

On the federal level, such efforts should be modeled after similar successful programs that have already been introduced in a number of Russian regions, including in the Saratov, Samara and Tula regions. In connection with some of these programs, an evaluation, not just of legislation, but also of the potential for corruption within regional and local state bodies, is underway, aimed at increasing such agencies’ effectiveness and transparency. Regional programs can also be emulated in devising innovative anticorruption measures that involve civil society, such as citizen advocates, mobile legal consultation centers, and public education activities.

Additionally, further improvement of the process requires that expertise rules are applied to the final product (the expert opinion) rather than experts themselves.

*Declaration of Earnings and Assets*

President Medvedev has signed a series of executive orders requiring some civil servants and those seeking certain positions as public servants to publish information about
income and assets, as well as similar information for their spouses and minor children. Steps must now be taken to ensure the public’s access to such information, and to ensure that this information is provided in a transparent fashion. In addition, steps must be taken to ensure that officials do not avoid making truthful declarations by transferring assets to more distant relatives or friends.

To address this problem, it is advisable to pass legislation ensuring that an investigation be launched if a law enforcement agency obtains credible information regarding bureaucrats’ undeclared earnings or assets. Moreover, we recommend legislation that would expand the range of officials’ relatives whose assets can be examined to determine their source of earnings. Civil society groups should have input into this process as well; should such an organization obtain and present to the relevant authorities materials concerning such corruption, further examination of these claims should be mandatory.

Ensuring Liability for Corruption

Because Russia lacks a law establishing liability or responsibility for corruption besides bribery, many articles of the Federal Law “On Preventing Corruption” operate in name only. Measures ensuring liability for a range of violations must be introduced in the Criminal Code and the Code on Administrative Violations. Implementation of laws must be monitored on a regular basis – particularly laws against corruption – with the active participation of the business community, an independent media, and civil society.

In order to reduce the “immunity” of bureaucrats for criminal cases (which they frequently enjoy), and protect whistleblowers who expose corruption, amendments are needed to the laws regulating the liability and privileges of officials. Civil society organizations can also play a role in protecting whistleblowers by taking responsibility for the verification and dissemination of relevant information. To guarantee the principle of equality of all before the law, public pressure may be brought to bear to ensure that no officials or their relatives are considered “untouchable.” Further, bureaucrats and their respective agencies should be held accountable if corrupt violations are discovered that benefit affiliated groups.

It is also necessary to introduce the following amendments and new concepts in Russian criminal and administrative law, establishing liability for:

- Corrupt acts beyond simply taking bribes;
- Concealing information on conflicts of interest;
- Use of business’ proprietary information by government officials for personal or third-party gain.
- Violating rules, limitations and bans on the abuse of official functions, as established by Articles 16 and 17 of the Russian Federation Law on the state civil service;
- Instances in which the head of a state agency conceals information about corruption in the relevant agency; and
- Other violations of the laws on corruption or civil service.
Creating a Special Anticorruption Body

Despite the risk of introducing a new layer of bureaucracy, this Working Group considers it is necessary to create an autonomous agency, answering only to the President, with responsibility for implementing anticorruption policy. Such a body should be independent of other law enforcement agencies, but must at the same time be transparent. Such an agency would need to ensure cooperation among other agencies, as well as work jointly with civil society institutions. This type of mechanism was successful in Indonesia, where the Corruption Eradication Commission (Komisi Pemberantasan Korupsi or KPK) coordinates all civic and state anticorruption institutions, and has the authority to open criminal cases and carry out investigations.

To be sure, creating such an agency in Russia would be useful, but it would raise certain difficulties that would need to be carefully addressed. In order to create such an agency, it would be necessary to introduce a significant number of legislative changes relating to the division of powers among prosecutors, the judiciary and other state agencies.

To complement the work of such an agency, civil society should monitor the implementation of anticorruption policy and inform the public of relevant progress and setbacks. Efforts by civil society to update regularly the knowledge base on anticorruption should also be encouraged.

Enforcement of Laws and the Judicial System

One important cause of corruption is the frequent lack of enforcement of laws already on the books; as a result, innovative laws designed to counter corruption may not be realized in practice. The enforcement of laws is dependent on the capacity of the country’s courts, but the court system itself is often responsible for the creation of the conditions in which corruption has flourished.

President Medvedev has named court reform as one of the priorities of his administration; a number of measures would facilitate this process:

- The creation of administrative courts, which are envisioned by the Constitution of the Russian Federation, but which has not yet been implemented;
- A review of the functions of court chairmen, who have played a key role in transforming the court system into a wing of the bureaucracy, rather than independent arbiters;
- A wholesale revision of the system for legal education, given the level of corruption that has seeped into law departments;
- Efforts to increase judicial influence and independence at all levels of government.

To strengthen the role of civil society it is necessary to ensure participation of civil society organizations in court proceeding in the defense of the rights of the broad business community or individuals. This requires corresponding changes to procedural code for civil and arbitration hearings.
Appendix

The following are selected Russian federal laws and acts regarding corruption:

   d. Articles 574 and 575 of the Russian Federation Civil Code;
   e. Articles 104.1, 104.3, 201, 204, and 331 of the Russian Federation Criminal Code
   h. Chapter 19 of the Code of Administrative Violations, which was amended with Articles 19.28 and 19.29, introducing liability for illegal payments from a legal entity and illegally retaining a civil servant for employment; and
   i. Other federal laws.

In addition, the following normative acts have been passed to reduce administrative barriers:
5. Federal Law 159-FZ “On Procedures for the Privatization of State- or Municipal-Owned Real Property Rented to Small and Medium-Sized Enterprises and Introducing Changes in Certain Legal Acts of the Russian Federation (On Subsidized Privatization),” which allows SMEs to purchase premises that they are renting; and