

FROM THE CHIEF EDITOR

DOI: 10.15838/esc/2015.3.39.1

UDC 354, LBC 65.050.1

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Halfway to a Fourth Presidential Term



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Russia's expert community has more than once raised the issues concerning public administration inefficiency. The emerging economic, social and political reality, which Russia has to deal with in the mid-2015, further increases the urgency of a decisive move toward the system-wide solution of the problems related to the enhancement of public administration efficiency.

In December 2014, the Ministry of Economic Development of the Russian Federation made a forecast, which assumed that in 2015 the country's gross domestic product would decrease by 0.8%, and a number of other economic indicators would somewhat deteriorate¹.

¹ *MER ukhudshilo prognoz dlya rossiiskoi ekonomiki na 2015 god* [Ministry of Economic Development Has Made a More Negative Forecast for Russian Economy for 2015]. Available at: <http://www/Forbes.ru>

But, according to Rosstat, the actual reduction in the main indicators for January–May 2015 turned out to be much more substantial. For five months Russia's gross domestic product compared to the same period of the previous year was 96.8%, i.e. it decreased by 3.2%. The index of industrial production amounted to 97.7%. Real disposable money incomes of the population in five months compared to the last year's level were 97%, and the real average monthly wage per employee was 91.2%². In short, the crisis situation in the Russian economy has not improved so far, and negative trends in several parameters are growing.

² *Sotsial'no-ekonomicheskoe polozhenie Rossiiskoi Federatsii – 2015 g.* [Socio-Economic Situation in the Russian Federation – 2015]. Available at: <http://www.gks.ru/reg/>

According to several well-known domestic experts, two main factors can have immediate impact on overcoming the crisis: 1) growth of oil prices in the world market and 2) abolition of economic sanctions that the U.S. and its Western European partners have imposed on Russia after the accession of Crimea to our country and provision of political support to the self-proclaimed Donetsk and Lugansk people's republics in Ukraine. Both of these factors are external. It is no use to expect rapid change in this respect.

Therefore, overcoming the crisis in Russia depends primarily on the use of internal capabilities and reserves. And this is when the improvement of public administration efficiency becomes critically important. In our opinion, it is crucial for the structural adjustment of the economy on the principles of vertical integration; it is also very important for fighting corruption and for making at least some efforts to

reduce extreme social inequality and everything else that actually hinders the implementation of the presidential program and complicates the pursuit of independent sovereign policy.

Unfortunately, the entire executive power hierarchy, including the current Government of Russia, continues to pursue a liberal course, which hinders the transition of the country toward a modern, dynamic and efficient economy. This is written in many evidence-based publications of domestic experts and scholars³.

Official documents of regulatory authorities, in particular, the Accounts Chamber of the Russian Federation⁴ prove that there are significant flaws in the organization of efficient public administration by the Government. The summary report, presented by Chairman of the Accounts Chamber T.V. Golikova in May 2015 in the State Duma, as in previous years, points out insufficient credibility,

³ See, for example: Kachukov R. Bezal'ternativnost' planovoi neoindustrializatsii [Absence of Alternatives to Planned Neoindustrialization]. *Ekonomist* [Economist], 2015, no. 4; Amosov A. Mozhno li otlozhit' do 2017 g. povorot k novomu industrial'nomu razvitiyu [Is It Possible to Delay until 2017 the Shift to New Industrial Development]. *Ekonomist* [Economist], 2015, no. 3; Mikul'skii K. Ekonomika Rossii i protivorechie ee ustroistva [Russia's Economy and the Contradiction of Its Organization]. *Obshchestvo i ekonomika* [Society and Economics], 2014, no. 12; Gubanov S. Ekonomika bez dvizhushchei sily [Economy without a Driving Force]. *Ekonomist* [Economist], 2014, no. 8; Ot krizisnykh potryasenii i razrushitel'nykh reform – k razvitiyu: chto dolzhno sdelat' gosudarstvo, chtoby pokonchit' s krizisom v 2015 godu? (Doklad Instituta problem globalizatsii) [From Crisis and Destructive Reforms – to Development: What the Government Should Do to End the Crisis in 2015? (Report of the Institute of Globalization Problems)]. *Rossiiskii ekonomicheskii zhurnal* [Russian Economic Journal], 2014, no. 6; etc.

⁴ Legal basis for the formation and functioning of the Accounts Chamber of the Russian Federation is set out in Article 101 of the Constitution of the Russian Federation, which states that for controlling the implementation of the federal budget the Council of the Federation and the State Duma shall create the Accounting Chamber, which is a monitoring body with a special constitutional status, which is accountable to the Russian Parliament, and through the mechanisms of democracy – to all taxpayers. The Federal law of April 5, 2013 No. 41-FL "On the Accounts Chamber of the Russian Federation defines the status of the Accounts Chamber as a permanently functioning supreme body of external public audit (control), and significantly expands the list of tasks, functions and powers of the Accounts Chamber.

Key indicators of the work of the Russian Federation Accounts Chamber in 2012–2014

Показатели	2012	2013	2014	2014, %	
				to 2012	to 2013
Number of executed audit and expert-analytical activities	502	470	445	88.6	94.7
Number of control activities with participation of law enforcement agencies and the Federal Security Service	47	39	21	44.7	53.8
Number of revealed violations, billion rubles	781.4	722.9	524.5	67.1	72.6
- of budget legislation	187.2	384.2	342.8	183.1	89.2
- in the management of state property	8.2	23.6	25.5	3.1 p.	108.0
- in placement of orders	130.7	233.3	39.6	30.3	17.0
Number of criminal proceedings initiated	78	39	24	30.8	61.5
Number of citations of the General Prosecutor's Office on correction of violations of the law	369	113	152	41.2	134.5
Number of officials brought to account under disciplinary procedures	716	575	394	55.0	68.5

Source: Reports of the accounts Chamber for 2012–2014.

reliability, and quality of budgets developed by the Government. The report once again emphasizes the inconsistency between the level of organization of the budget process and its execution by the main budget managers. It is noted that the claimed transition to the program principle for the planning and execution of the national budget is not realized. The current system of inter-budget transfers does not provide balance and stability of consolidated budgets in the regions. The report of the Accounts Chamber provides a large number of examples of irrational use of budgetary funds (*see Key indicators of the work of the Russian Federation Accounts Chamber in 2012–2014*).

The Chamber states that over one third of annual budget allocations is made in the fourth quarter, which breaks the regularity of the budget process. In 2014, a third of the indicators (18 out of 62) established by the presidential decrees of May 7, 2012

were not achieved by the federal executive authorities. According to the analysis conducted by the Chamber, eleven out of forty adopted state programs do not include the indicator of labor productivity. Analyzing the Accounts Chamber reports for the last three years, we can say that the activities of the RF Government do not contribute to the solution of systemic problems character in the sphere of budget management due to the following reasons:

- lack of an integrated system for strategic planning; inconsistency between strategic planning and budget planning;
- insufficient implementation of measures to develop the revenue potential of the RF budgetary system;
- lack of a full system of government programs, which enables to achieve goals and solve strategic development problems with the use of complex interrelated activities and inter-sectoral interaction;

- low quality of management of state property and contract system, which leads to inefficient budget spending;
- uneven expenditures, a significant number of changes introduced in the course of federal budget execution, non-performance of annual budget allocations in full;
- significant growth of public debt, destabilizing the budgets of all levels;
- lack of own financial resources of budgets of RF subjects to implement their commitments in full;
- considerable dependence of the budgets of state extra-budgetary funds on federal budget transfers.

The lack of an effective system that could monitor actual performance of the state apparatus leads to its irresponsibility and to the fact that it fails to achieve the country's socio-economic development goals.

How can this comply with the requirements of rationality and social justice that for years **the Government has been ignoring the extreme difference between the decile population groups with the highest and lowest income**, which, even according to official statistics, has become 16-fold (and in reality it is much greater)?

In fact, for many years, **the Government has been ignoring the need to enhance labor productivity**. Russia lags considerably behind the U.S. and the leading European countries by this indicator. So far, there are no visible changes in the country; moreover, in recent years this gap has been increasing. Modernization of national industrial and agricultural production is

extremely slow. Production assets of the majority of industries do not undergo profound renovation; as a result, obsolete technologies are used. The pace of improvement of production infrastructure and general organization of labor, which determine the growth of productivity in modern conditions, is also very slow.

June 17, 2015, the newspaper "Izvestia" published an appeal of the Russian Geotechnical Association to the RF President V.V. Putin, **in which it points out the crisis of management in the entire construction industry**⁵. The authors are exasperated by the extremely low level of professional leadership of the Ministry of Construction of the Russian Federation created in the second half of 2013. And it is not just the examples provided in the appeal; the point is there is no consistency in strategic problem solving in this sphere, just like in many other departments.

The authors are forced to appeal directly to the President, since they do not believe in the efficiency of government structures, the interests of which are closely intertwined.

And how can we assess the reform of the Russian Academy of Sciences sped up by D.A. Medvedev's Government? Was it like a special operation conducted in June 2013? Objectively, it aimed to do away with one of the main competitive advantages of national science. V.V. Ivanov, RAS Vice-President, writes: **"Now it has become apparent that the Ministry of Science and**

⁵ O krizise upravleniya v stroitel'noi otrasli [About the Management Crisis in the Construction Industry]. *Gazeta "Izvestiya"* [Izvestia Newspaper], 2015, no. 107 (29353), June 17.

Education planned the so-called reforms only for two steps: first, take away the Academy's institutes and pass them under the guidance of the government; second, deprive the academic community of its influence on decision-making not only in science, but in the interests of Russia's development, i.e. the goals, for which the Academy was initially created and what it has been doing throughout its long history"⁶.

Academician V.M. Polterovich notes: "The insufficient qualification of those responsible for the science reform is the main source of the problem – our officials do not have the basic technique to conduct institutional reforms. There is one of the main mistakes that they make during reform elaboration and implementation, such as the so-called method of shock therapy... Now, the draft law of June 28, 2013 (on the reform of state academies) is typical shock therapy. The purpose of this law had nothing to do with the purpose of enhancing the level of science in Russia. We all know what we got. The compromise that we have now is achieved in the desperate struggle, but not in the elaboration process. This leads to enormous costs"⁷.

Academician E.M. Galimov emphasizes: "The first stage of work in the system of the Federal Agency for Scientific Organizations

(FANO) was completely disappointing. The expectation that FANO would undertake the issues of economic management was of no effect. The President urged FANO to take upon property matters and let researchers focus on science. Scientists are still concerned about renting out premises to carve out money for current repairs, maintenance of security, communication, maintenance of the heat supply and sewerage systems, etc. FANO clearly considered its task to carry out only administrative measures and instill "order" in science... Trust should be the guiding principle of the state–science relations"⁸.

Experts, social scientists, economists, financiers, production managers, who are concerned about the development of national economic and political independence, have developed a strong opinion that the government is still full of those, for whom the sharing out and wasting of national property remains the most important thing. It seems that Yu.Yu. Boldyrev, a well-known economist and politician (by the way, in the late 1990s, he was Deputy Head of the Accounts Chamber of the Russian Federation) is right in many respects, when he says that "there is no crisis in our country, except for that organized by our government"⁹.

⁶ Ivanov V. Blitzkriegom po nauke [Blitzkrieg against Science]. *Nezavisimaya gazeta – Politika* [Independent Newspaper – Politics], 2015, no. 10, June 16.

⁷ Polterovich V.M. Reformatoram nauki nedostaet kvalifikatsii [Reformers of Science Lack the Necessary Qualifications to Cope with the Task]. *Poisk* [Search], 2015, no. 23 (1357), June 5. The text of the publication is given below.

⁸ Galimov E.M. Mozhet li byt' uspešnym proekt FANO–RNF? [Can the FANO–RSF Project Be a Success?]. *Ekspert* [Expert], 2015, no. 25, June 15. The text of the publication is given below.

⁹ Boldyrev Yu. Ne nado davat' sebya strich' [Do Not Let Yourself Be Sheared]. *Literaturnaya gazeta* [Literary Newspaper], 2015, no. 22 (6511), June 3.

Judging by the dynamics of national socio-economic development, we should openly admit that **the team of top government officials that managed the country from 2009 to 2012 has failed to cope with the tasks it faced.** Still, many people who were on that team are currently holding high positions; this certainly does not improve the efficiency of public administration, because they got used to work inefficiently, and they are not afraid of anything.

The media, including the Internet, are full of facts about unseemly and unethical

deeds of officials at various levels, from the local to the federal.

Note that regional leaders, who “are at fault” (see *list of heads*) were members of the ruling party “United Russia” and the party recommended them to be appointed governors. But the facts show that the party has not created an effective mechanism to assess professional skill and moral qualities of the persons nominated to managing positions; there is no timely purging of its ranks, and there is no responsibility for failing to fulfill ones duties.

List of heads at the federal and regional level, who were dismissed in 2012–2015*

Name, Position	Period of office and date of resignation (reason)	Reasons for and/or consequences of resignation
A.E. Serdyukov, RF Defense Minister	February 15, 2007 – November 6, 2012	Due to inability to cope with the management of the property of the Ministry of Defense
E.N. Vasil'eva, Head of the Defense Minister's Office, Head of the Department for Property Relations of the RF Defense Ministry	2010 – January 2012	May 8, 2015 sentenced to 5 years in prison, found guilty of fraud, embezzlement and money laundering (550 million rubles)
A.A. Reimer, Director of the Federal Penitentiary Service (FSIN of Russia)	August 3, 2009 – June 26, 2012	March 30, 2015 detained and arrested. Accused of fraud in the procurement of electronic bracelets for prisoners in the amount of about 3 billion rubles.
V.A. Yurchenko, Novosibirsk Oblast Governor	September 22, 2010 (appointed) – February 2, 2012 (appointed) – March 17, 2014 (loss of trust)	Several episodes of fraud and negligence in the sale of land and change of purpose of land were revealed (damage is assessed at 34 million rubles)
S.A. Bozhenov, Volgograd Oblast Governor	February 2, 2012 (appointed) – April 2, 2014 (voluntarily)	Inappropriate spending of budget funds and abuse of power were revealed. In 2013 – 3 major terrorist attacks in Volgograd
N.V. Denin, Bryansk Oblast Governor	December 28, 2004 (elected) – October 18, 2007 (appointed) – October 14, 2012 (elected) – September 9, 2014 (loss of trust)	Abuse of power in budget allocation was revealed.
A.V. Khoroshavin, Sakhalin Oblast Governor	August 9, 2007 (appointed) – August 9, 2011 (appointed) – March 25, 2015 (loss of trust)	March 4, 2015 arrested when taking a bribe and arrested on charges of taking a bribe (about 360 million rubles).

* Based on the data published in public media and on websites.

At the same time, one more thing is clear: enhancement of political mechanisms in order to implement Vladimir Putin's strategic course requires a broader social movement. We think that the solution to these tasks is manifested more and more clearly in the activities of the All-Russia People's Front (ONF). Recently, the President has been actively supporting the ONF, the establishment of which was initiated by Vladimir Putin in May 2011 during the State Duma election campaign.

Currently, the ONF is gradually turning into a coalition of non-governmental organizations actively seeking to help implement V.V. Putin's political course, which he declared during the presidential campaign in March 2012.

But the very existence of the ONF is not a systemic solution either; in fact, it is the decision of the President that he was forced to make in order to compensate for the inefficiency of the current system of public administration at least to some extent. And hours-long live television phone-ins are also part of such compensation.

In our opinion, non-governmental organizations will not be able to introduce any cardinal improvements in the current level of Government performance.

Russia's system of state management requires substantial changes and people who are willing to follow systemic, and, therefore, scientific, management principles: clear goal-setting, reliable ways of achieving socially beneficial goals with real responsibility for the result.

In May 2013, an editorial of the journal "Expert" made the following conclusion about the effectiveness of D.A. Medvedev's Government: **"We need a new paradigm, we need new ideas how to improve our country; we need new carriers of these ideas... But the ideological power is in the same hands. We can expect nothing useful from these people anymore; they prevent Russia from moving forward"**¹⁰.

More than two years have passed. The Government still consists of the same old carriers of ideas, that is why the Federal State Statistics Service registers clearly unsatisfactory results of national socio-economic development.

According to sociological centers, the level of support of the President's performance reached its historic maximum of 89% in June 2015¹¹.

But what will happen, if the same people in the Government with the same old ideas and the same performance results continue to bear responsibility for the efficiency of public administration in Russia???

¹⁰ Vyiti iz brenda [Come Out of Delirium]. *Ekspert* [Expert], 2013, no. 19, May 13–19.

¹¹ Data of Levada Center, VTsIOM, FOM.

Comparative analysis of summary reports of the Accounts Chamber
of the Russian Federation for 2012–2014.

General conclusion from comparison of sections*	2012	2013	2014
FORMATION OF THE FEDERAL BUDGET			
<p>From year to year approaches of the financial-economic block of the Government of the Russian Federation demonstrate the unsoundness of socio-economic development parameters, which leads to continuous introduction of changes in the federal budget, breaking the rhythm of budgetary process</p>	<p>In terms of the need to implement the program-target principle for the planning and execution of the budget, the requirements to the quality of the socio-economic development forecast are raised. This forecast should not only determine the initial conditions for the development of the draft federal budget with high degree of reliability, but also to be targeted, i.e. to reflect the results of goals and objectives in the medium term.</p>	<p>Comparative analysis of the dynamics of the main macroeconomic indicators, which have developed over recent years, shows a significant deviation from the predicted values, which may indicate insufficient degree of accuracy and reliability of forecasts.</p>	<p>Comparative analysis of the dynamics of the main macroeconomic indicators which have developed over recent years, shows their significant deviation from the predicted values, which may indicate a lack of reliability and quality of the developed forecasts (the forecast for GDP growth in 2015 is reduced to 97% vs. 101.2% at the time of adoption of the federal budget).</p>
EXECUTION OF THE FEDERAL BUDGET			
<p>Low quality and lack of proper control over the execution of the budget does not allow the beneficiaries to fully accept expenditure commitments for the medium term, and increases the disagreement in actions between public authorities at different levels.</p>	<p>Monitoring the quality of public finances management showed an insufficiently high level of organization of the budget process by the main administrators of budget funds and the use of goal-oriented tools of budgeting. In assessing the quality of execution of the federal budget in terms of expenditure, it has been found that more than 30% of budget allocations were executed in the fourth quarter.</p>	<p>Monitoring the quality of public finances management showed an insufficiently high level of organization of the budget process by the main administrators of budget funds and the use of goal-oriented tools of budgeting. In assessing the quality of execution of the federal budget in terms of expenditure, it has been found that about one third of budget allocations in 2013, as in the previous years, were executed in the fourth quarter.</p>	<p>Monitoring the quality of public finances management showed an insufficiently high level of organization of the budget process by the main administrators of budget funds and the use of goal-oriented tools of budgeting. Quarterly analysis of the evenness of execution of the federal budget expenditures over a number of years has shown that the highest amount of budget allocations falls on the end of the year. The level of execution of expenditures for the fourth quarter of 2014 amounted to 30.5%.</p>
DECREES OF THE RF PRESIDENT OF MAY 7, 2012			
<p>The fulfillment of the promises made by Vladimir Putin during the election campaign is in jeopardy. It appears that the Accounts Chamber should assess the total loss due to the failure to execute or the improper execution of presidential decrees. In addition, there is a need organize constant monitoring of the achievement of targets set out in the decrees.</p>	<p>It seems that it will be difficult to achieve the parameters established in the presidential decrees for the long term on a number of macroeconomic indicators (share of fixed capital investment in GDP, and growth rate of labor productivity), there are certain risks in solving the problem of increasing labor remuneration.</p>	<p>Dynamics of individual target indicators characterizing the state of the economy (share of investments in fixed capital in GDP, growth rate of labor productivity), allows us to say that there are risks of failure to meet the deadlines set out in the decrees of the President.</p>	<p>By the end of 2014, 18 (29%) out of 62 target indicators established by the decrees have not been implemented. The dynamics of individual indicators forecasted for 2015–2017, for example, increase in the share of investment in fixed capital, increase in the share of high-tech products and knowledge-intensive industries, implementation of measures to promote a healthy lifestyle, allows us to make a conclusion that there is a risk of not achieving the planned results within the deadline.</p>

Continuation of the supplement

RF PUBLIC DEBT

The public debt of the Russian Federation is growing every year, which creates additional risks for the economy, especially in the context of exhaustion of reserve funds. The increase in debt-servicing costs leads to the reduction of the productive areas of budgeting.

Debt sustainability of the federal budget reduces. The volume of public debt of the Russian Federation will increase from 13.1% of GDP in 2013 to 13.4% of GDP in 2015. The increase of the national debt requires better forecasting of the performance of borrowing programs, their connection with the results of execution of the federal budget.

In 2013, the growth of the state debt of the Russian Federation continued; the debt increased by 1042.6 billion rubles, or 16%. State guarantees are provided without checking the financial condition of the principal and without the right of recourse, which creates risks of warranty cases.

In 2014, the growth of the state debt of the Russian Federation continued; it increased by 36.4% and as of January 01, 2015 amounted to 10299.1 billion rubles, or 14.5% of nominal GDP. The Finance Ministry has not issued guidance documents on the procedure of formation of indicators of the draft programs for the state internal and external loans of the Russian Federation.

STATE (FEDERAL AND TARGETED) PROGRAMS

Despite the fact that the implementation of program methods, when each program has its targets, the achievement of which is measured by the performance indicators, has been going on for more than 10 years, the budget has not become a program budget, but it remains traditional and departmental. According to experts, state programs, prior to their adoption by the government, should be discussed at meetings of the relevant committees of the State Duma and be accompanied by the opinions of the Accounts Chamber.

When assessing the implementation of federal target programs, it has been established that planned goals, objectives and results were not achieved. The programs do not fully carry out the role of a catalyst for the development of industrial and social infrastructure, promotion of innovation and investment activity.

A comprehensive system of government programs that enables the use of complex interrelated activities and interdisciplinary interactions to achieve the goals and solve the strategic challenges of socio-economic development, has not yet been formed; and the majority of programs are mostly a set of expenditure requirements that are insufficiently supported by reasonable goals, objectives and indicators.

The principle of formation and changes of government programs on the basis of the amounts of budget funding does not meet the goal of transition to program-based planning and execution of the budget. Essentially, "institutional" budgets were disguised as government programs. Under this approach, state programs cannot be considered as complete and effective tools for the planning and execution of the federal budget.

INTER-BUDGETARY RELATIONS

Measures to reduce regional polarization remain ineffective, because the current subsidies-based system of funding does not aim to solve this task. Inertial approaches of government agencies to territorial governance, lack of a unified system for strategic planning hamper modernization and diversification of regional economies.

In the changed economic conditions, the subjects of the Russian Federation, in order to solve the problems of financial security of transmitted powers and implement the provisions of presidential decrees of May 07, 2012 it is necessary to work out new directions of development of the system for inter-budgetary relations; and the Government of the Russian Federation should adopt the appropriate normative act.

Still there are risks to the sustainability of regional budgets associated with substantial debt. There remain considerable differences in the pace of economic development in different regions, in the main indicators of people's income, in the volume of investments in fixed capital, in the level of unemployment. Inter-regional differences in fiscal capacity remain high.

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The problems of the consolidated budgets of subjects of the Russian Federation are based on a high level of differentiation of budgetary provision; attempts to equalize it have been carried out for many years and have not lead to significant results.

The current system of inter-budgetary transfers does not provide the balance and sustainability of the consolidated budgets of the regions. Untied financial assistance in the form of grants for ensuring the balance has many flaws, much of it lacks systemic character, its volumes do not cover the actual lack of funds.

Continuation of the supplement

PRIVATIZATION AND STATE PROPERTY MANAGEMENT

There is no legislation systemically regulating the state property management. The very low rate of return on the assets of the state in corporatized companies indicates a decrease in the degree of implementation by the state of its rights as an owner.

The current legal framework does not allow for making a reliable estimate of the property during bankruptcy proceedings, which gives an opportunity to assess the property by the value significantly different from the market value.

Policy in the field of bankruptcy elaborated by the RF Ministry of Economic Development does not fully meet the requirement of efficient management of state property.

Forecast plans (programs) for privatization of federal property are not executed. There is no transparency in decision-making procedures on the conditions of privatization.

In the current socio-economic situation there is a need to revise the principles and priorities of state property management, to strengthen control and regulation in the public sector of economy.

Federal budget revenues from privatization of stakes in state-owned companies in 2010–2014 amounted to only 21% of the amount originally planned by the Law on the federal budget. Forecasts of federal budget revenues from privatization set out in the government privatization programs for 2010–2014 were of declarative character. To date there is no approved methodology for making a forecast of revenues from privatization.

STATE PURCHASES

The Accounts Chamber has found that the tasks in procurement for state and municipal needs, have not been fulfilled yet. Violations detected by auditors indicate the presence of increased risks for the budget in the segment of procurements

Illegitimate interpretation of the imperative norms of the legislation by the federal executive authorities creates an environment favorable for systematic violation of the law when making procurements.

So far, there is no effective system for forecasting and economic assessment of the volume of purchases for state needs and an appropriate budgeting system.

It has been found out that customers violate the norms established by the RF Budget Code and Civil Code, the requirements of the legislation in the sphere of placement of orders and protection of competition and other norms.

The results of audits confirm the necessity to adoption systemic measures, proportionate to the scale and conditions of major contracts and identified violations at their placement.

The timing of implementation of the provisions of the Federal Law of April 05, 2013 No. 44-FL "On the contract system in procurement of goods, works, services for state and municipal needs", which were to be adopted, is delayed. According to the Federal Treasury, there is a decrease of savings from public procurement. This trend has been going on for three years already.

RESIDENTIAL CONSTRUCTION

Irresponsibility of the government, which caused the failure to implement housing programs, actually means the failure to solve the problem of housing construction.

The planned indicators for housing programs for 2009–2011 have not been achieved. The indicators on repair of apartment houses have been achieved by 99.1%, on the resettlement of citizens from emergency housing – by 66.9%.

Housing construction is hampered by the lack of the required number of land plots equipped with engineering infrastructure.

Out of the ten values of target indicators established for 2012 by the Federal Target Program "Housing", which is part of the state program "Providing affordable and comfortable housing and communal services for citizens of the Russian Federation", the need for the development of which was pointed out in the decree of the RF President of May 07, 2012 No. 600, the values for six indicators are not determined, and the values for three indicators have not been achieved.

The activity of JSC "Agency for housing mortgage lending" (AHML) aimed at the development of the primary market of mortgage lending is inefficient. The Decree of the RF President of May 07, 2012 No. 600 and the instructions of the President and the Government to develop special programs of mortgage lending for certain categories of citizens have not been executed.

OJSC "AHML" has not implemented any projects aimed at improving the availability of housing for the economically active population by increasing the volumes of construction of economy class housing.

End of the supplement

PENSION FUND OF THE RUSSIAN FEDERATION (PFR)

Chronic deficit of the Pension Fund defines one of the most acute problems of Russia's budgetary system and poses a constant threat to its stability.	An adequate legal and regulatory framework necessary for a more effective execution of the budget of the PFR has not been formed.	The audit of the report on the budget of the PFR has established that at the time of the audit the laws aimed at ensuring a more effective implementation of the budget of the Pension Fund were not adopted.	The goal of ensuring the financial sustainability of the pension system set out in the Budget Address of the President dated June 13, 2013 is not achieved, and the goals set out in the Strategy for Development of the Pension System are not achieved either.
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* Comparative analysis was carried out by ISEDT RAS.

As we can see from the above analysis of the reports of the Accounts Chamber, there is no improvement of the quality of formation and execution of the budget of the Russian Federation by the Government headed by Dmitri Medvedev.

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