



## Protection of the Rights of Entrepreneurs in the Russian Federation from Corrupt Practices at the Municipal Level - PRECOP II

### Project Summary

*Version of 29 March 2019*

<b>Project title</b>	Protection of the Rights of Entrepreneurs in the Russian Federation from Corrupt Practices at the Municipal Level (PRECOP II)
<b>Project area</b>	Russian Federation (RF)
<b>Overall budget</b>	€2, 000,000 <sup>1</sup>
<b>Secured Funding</b> <i>(only partial funding has been secured so far)</i>	€ 332,790.00 - Voluntary Contribution by the UK (VC UK I) € 164,837.44 - Voluntary Contribution by the UK (VC UK II) € 161,291.00 - Voluntary Contribution by Luxembourg (VC LUX I) € 70,000.00 - Voluntary Contribution by Luxembourg (VC LUX II) € 530,909.81 - Voluntary Contribution by Norway FA (VC NOR I) € 284,712.10 - Voluntary Contribution by the UK (VC <a href="#">UK</a> III)
Funding to be sought (as at March 2019)	€ 455,459.65
<b>Implementation</b>	Economic Crime and Cooperation Division Action against Crime Department - DG I, Council of Europe
<b>Overall duration</b>	September 2016 – December 2019

<sup>1</sup> Initial budget was €2,500,000 however due to the sequential arrival of funding the budget has been cut to €2,000,000

## 1 PROJECT BACKGROUND

The project on “Protection of the Rights of Entrepreneurs in the Russian Federation from Corrupt Practices at the Municipal Level” - PRECOP II is a continuation of the project “Protection of the Rights of Entrepreneurs in the Russian Federation from Corrupt Practices – PRECOP RF”.

The objective of the project on “Protection of the Rights of Entrepreneurs in the Russian Federation from Corrupt Practices at the Municipal Level” - PRECOP II is to address potential corruption risks faced by entrepreneurs at the municipal level in select geographic regions of the Russian Federation. It focuses on addressing corruption at the regional and municipal level in select geographic regions of the Russian Federation, given that it is in the municipalities where in particular small and medium-size enterprises face the biggest obstacles created by various administrative and other practices that are perceived as presenting high risk for corruption.

The main beneficiary institutions of PRECOP II are the Office of the Federal Business Ombudsman in the Russian Federation and the Offices of Regional Business Ombudspersons, more specifically the 15 pilot regions referred to below.

In overall PRECOP II is directly addressing corruption risks in 15 pilot regions: Republic of Bashkortostan, Republic of Karelia, Republic of Udmurtia, Republic of Tatarstan, Krasnodar Krai, Primorsky Krai, Stavropol Krai, Arkhangelsk, Kursk, Irkutsk, Rostov, Smolensk, Tver, Tyumen and Yaroslavl regions. However, the outreach of the project goes beyond the 15 pilot regions as confirmed by the fact that stakeholders from 43 non-pilot regions of the Russian Federation have already participated in discussions and provided their feedback on a number of substantial issues dealt with by the project.

The project activities focus on key issues such as corruption typologies affecting the business sector; procurement practices; municipal and government level oversight and control over businesses; rules and regulations governing businesses at the municipal level and strengthening capacities of municipal authorities to deliver public services in a transparent manner. PRECOP II also will seek to find ways of establishing a mechanism through which businesses can report corruption confidentially (anonymously) through the institution of the Business Ombudspersons.

All project activities strengthen the knowledge base of the institution of the Federal Business Ombudsman and the Regional Business Ombudspersons, and thus increase its credibility, legitimacy, and capacity.

## 2 OBJECTIVE, PURPOSE AND EXPECTED RESULTS OF THE PROJECT

Title of the Action		Protection of the Rights of Entrepreneurs in the Russian Federation from Corrupt Practices at the Municipal Level (PRECOP II)
Overall Objective		To support and facilitate prevention of corrupt practices affecting the business sector at the regional and municipal levels in the Russian Federation.
Project purpose		1) Strengthen corruption prevention measures through legislative or policy recommendations that address corrupt practices which affect businesses at the regional and municipal levels in the Russian Federation; and  2) Strengthen the institution of the Ombudsman for the Protection of the Rights of Entrepreneurs at regional and federal levels.
Total Duration		36 months
Budget		2,000,000 Euro (€455,459.65 to be sought through voluntary contributions)
Main Partners and Beneficiaries		Office of Federal Business Ombudsman; Regional Business Ombudsperson Offices; Public Ombudspersons; Business Associations and Lawyers Associations ( <i>pro bono</i> ); Municipal and Regional Authorities; Chambers of Commerce and Private Sector Initiatives.
Final Beneficiaries		Society at large; businesses and other stakeholders dealing with the federal, regional and municipal authorities
Federal Level Intervention	Expected Result 1	Increased capacities and role of the Federal and Regional Business Ombudspersons in addressing and preventing corruption
	Activity 1.1	Identification of typologies of corruption affecting entrepreneurs at the regional and municipal level.
	Activity 1.2	Strengthen the legal and institutional framework regulating conflict of interest in the Russian Federation.
	Activity 1.3	Strengthen legislation regulating inspections systems by making it more effective and a smaller barrier to business processes.
Regional Level	Expected Result 2	Public procurement processes at the municipal level are improved
	Activity 2.1	Develop a methodology for research of the scale, forms and manifestations of corrupt practices in the procurement process at municipal level.
	Activity 2.2	Make available proposals for improving legislation concerning procurement at regional and municipal levels.
	Activity 2.3	Develop and support capacity building (Training of Trainers) for municipal authorities on good governance and procurement.

Expected Result 3	Capacities of municipal authorities to carry out administrative inspections are improved
Activity 3.1	Survey and research among businesses and other stakeholders in order to establish the forms and scale of the problem, as well as to scope the capacity needs for businesses to deal with state inspections.
Activity 3.2	Develop and make available a training manual for local authorities on risk-based approach to inspections.
Activity 3.3	Training-of-Trainers on risk-based approach to inspections.
Expected Result 4	Public services for entrepreneurs at the state and municipal levels are delivered in an accountable and transparent manner, in accordance with the rule of law
Activity 4.1	Review and assessment of the current system providing public services by the municipal authorities with the aim of identifying deficiencies and providing recommendations for improvement.
Activity 4.2	Provision of capacity building for municipal authorities and sharing of good practices in the provision of public services from CoE member states, as well as good practices from other regions of the Russian Federation.
Expected Result 5	Capacities of the Regional Business Ombudspersons are strengthened with regards to the institutions' ability to effectively take forward entrepreneurs' complaints about corruption
Activity 5.1	Establish a Working Group(s) in select regions, to discuss potential models of confidential (anonymous) mechanism of reporting corruption by entrepreneurs.
Activity 5.2	Piloting the corruption reporting complaints mechanism in a number of select regions.

Due to the sequential availability of funding the project could not initiate activities in all pilot regions from the beginning of the project, as it would have been done in other circumstances. Instead the project started activities with a smaller group of regions from the pilot group and then later as more funding became available the project expanded to include in its activities the other pilot regions, in addition to initiating new types of activities in line with its workplan.

### 3 IMPLEMENTATION ARRANGEMENTS

Overall project management supervision and quality control is ensured by the Economic Crime and Cooperation Division (ECCD) at the Department of Action against Crime – Directorate General Human Rights and Rule of Law of the Council of Europe in Strasbourg.

For the purpose of implementing the day to day activities the ECCD as envisaged during the development of the project document has established a project team consisting of: two

Senior Project Officers, a Linguistic Assistant and Project Assistant based in the Council of Europe Programme Office in Moscow. The project team works directly with the beneficiaries and is supervised and supported by a part-time charged team of a Programme Manager, Programme Coordinator and Project Assistant in Strasbourg at the Economic Crime and Cooperation Division.

Furthermore, based on the activity needs and intervention profiles, a number of international and local consultants and experts, service providers and suppliers are directly engaged by the Council of Europe to ensure proper implementation of the project activities.

#### 4 CONTACTS

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