

# *Corruption °C*

*Paper Series on Corruption  
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## ***Russia's Anti-corruption Predicament***

***Ivan Ninenko***

***No. 15, 2012***

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# ***CORRUPTION °C***

## ***Russia's Anti-corruption Predicament: Reforms, Activism and Struggling Rulers***

***Ivan Ninenko***

***Paper No. 15, 2012***

### **Summary**

The former President of the Russian Federation Dmitry Medvedev raised anti-corruption high on his political agenda. This article focuses on the development and results of Medvedev's anti-corruption policy. It is a story of several progressive legislative changes and their poor implementation, advances in the use of internet tools by public authorities, which nevertheless retain piecemeal character. Substantial change remains scarce. Meanwhile Russia's society demands some real fight. The demands to demonstrate results concentrate on Vladimir Putin and represent the main challenge to the new-old President. So far it looks like he is more willing to fight those who demand the fight against corruption rather than corruption itself.

### **About the Author**

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## **Abbreviations**

FoI – freedom of information

MED – the Ministry for Economic Development

MoJ – the Ministry of Justice

MP – Member of Parliament



# Russia's Anti-corruption Predicament: Reforms, Activism and Struggling Rulers

During last four years there have been some changes in the way Russia is dealing with corruption. President Dmitry Medvedev named corruption as one of the major threats for the Russian future. During his presidency he made quite a number of changes to the Russian legal system and now most of the modern anti-corruption instruments are in place: procedures for the resolution of conflicts of interest, publication of income and assets declarations, freedom of information act, etc. Still none of them work the way it is supposed to. There is also a change in the public attitude – corruption is one of the main topics of mass demonstrations and Alexey Navalny – a highly popular opposition figure – has made his reputation by unveiling corruption in public procurement. Fight against corruption defiantly has become the main topic of the political agenda. But there is still a long way to go to achieve any significant change in this battle.

## 1. Corruption in Russia: Brief Overview

Corruption has been there during Tsar's times, during the Soviet Union and it is now a major problem in the Russian Federation. Nevertheless corruption has not been static. Rather it has “evolved” a lot during the last 20 years while Russia has been moving from the command to market economy.

Corruption in the Soviet Union took place largely due to the deficit of some goods and services. There are quite a number of books on this issue.<sup>1</sup> A lot of corrupt practices did not involve any money, but were a kind of exchange of favors. This also led to the spread of nepotism where kids of high-profile communist party members got accepted to the best universities and then were sent to the best jobs. With Perestroika (Mikhail Gorbachev's reform policy in the second half of the 1980's) more money appeared in the system and more corruption followed. Newly established enterprises (“cooperatives”) had to operate within an outdated law system and the environment of the command economy. So, in order to be successful,

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<sup>1</sup> See, for example: Ledeneva, A. V. *Russia's Economy of Favors: Blat, Networking and Informal Exchange*. Cambridge University Press, 1998.

sometimes they had to be “faster than the law”. Salaries of officials were so low that they were easily bribed.

In the 90’s the situation became even worse. The non-transparent privatization of soviet industries created a class of oligarchs. Those who survived and managed to reform their factories were becoming extremely rich. At the same time salaries of all government employees or elected officials – police and other law enforcement bodies, tax authorities, deputies, mayors, ministers or other public officials – lagged behind the commercial sector. So oligarchs were there to “buy” any kind of services – starting with a fireman who was supposed to check if the office had a fire alarm and ending with a minister who was drafting new legislation or an MP who was voting for this legislation afterwards.

At the beginning of the XXI century Russia was facing a situation, often called state capture. Namely, a situation where powerful individuals, institutions, companies or groups within or outside a country use corrup-

***Now corruption is extortion where the company must pay money just to keep operations going.***

tion to shape a nation’s policies, legal environment and economy to benefit their own private interests.<sup>2</sup>

Joel Hellman and Daniel Kaufmann describe this well in their article “Confronting the Challenge of State

Capture in Transition Economies”.<sup>3</sup> Around this time Vladimir Putin became the President of Russia and started his work to remove oligarchs from power. Some of them, like Berezovsky and Gusinsky preferred to leave the country. Then, in October 2003, the wealthiest man in Russia Mikhail Khodorkovsky was arrested on charges of tax evasion. This was a sign that now the Kremlin (and Putin) was in control of the country and other oligarchs accepted this. Later Yukos, a major petroleum company controlled by Khodorkovsky, was overtaken by the state-owned Rosneft Corporation and this was a sign, that officials can take anything from the business. This led to a fast spread of different corrupt practices such as extortion. It is not anymore a deal between a businessman who seeks better conditions for

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<sup>2</sup> Definition from “The Anti-Corruption Plain Language Guide”. Transparency International, 28 July 2009. [http://www.transparency.org/whatwedo/pub/the\\_anti\\_corruption\\_plain\\_language\\_guide](http://www.transparency.org/whatwedo/pub/the_anti_corruption_plain_language_guide) All links in this article were valid as on 01 November 2012.

<sup>3</sup> Hellman, J., Kaufmann, D. Confronting the Challenge of State Capture in Transition Economies. Published in: Finance and Development, Volume 38, No 3. The International Monetary Fund, September 2001. <http://www.imf.org/external/pubs/ft/fandd/2001/09/hellman.htm>



his company and a corrupt official who risks his position. Now corruption is extortion where the company must pay money just to keep operations going. Such phenomena as the “normal rate of kick-back” are known to any businessmen. It’s not about how much you want to pay but it is about how much you must pay in order to get a contract from government.<sup>4</sup>

Public officials demanded revenues from almost any business to be shared with them. Most of corrupt extortion involves several levels of officials. It is common for the low-level official who is getting the bribe to share it later with his boss. According to a recent interview with a top official of the interior,<sup>5</sup> prices for positions in government bodies range from USD 50,000 to several millions. Those who are willing to pay the money are absolutely sure that they will be able to regain it during their “public service”. And it is obvious that their main income will not be an official salary.

According to a poll conducted by leading Russian sociological research organization Levada Center in early 2010 15% of Russians reported to have paid a bribe in the past 12 months.<sup>6</sup> Mind that this is only the number of those who are ready to give an honest answer. 55% also said that anybody who is dealing with officials gives bribes. According to the main indices of Transparency International – the Corruption Perceptions Index and the Bribe Payers Index in 2011 Russia held respectively 143<sup>rd</sup> place out of 183 countries and 28<sup>th</sup>, i.e. the last place.

With such a level of corruption, bureaucrats and law enforcement forces will do their best to sabotage any anti-corruption reforms and secure their sources of income. Report, presented by one of the working groups of the Presidential Council for Civil Society and Human Rights on 23 November 2009 says “bureaucracy, which has great lobbying possibilities, has made and still is making attempts to neutralize possible outcomes that can have

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<sup>4</sup> Expert Seminars. Динамика коррупции в условиях аномальной экономики (*Dynamics of corruption in conditions of anomalous economy*), 25 March 2006. <http://www.liberal.ru/articles/1251>

Противодействие коррупции: пределы возможного (*Countering corruption: boundaries of the possible*), 18 June 2011. <http://www.liberal.ru/articles/5293>

<sup>5</sup> Minenko, S. Interview with Alexey Ryabcev, Acting Head of the Anticorruption Department of the Ministry of Interior (in Russian). Gazeta.ru, 05 September 2012. <http://www.gazeta.ru/social/2012/09/05/4754585.shtml>

<sup>6</sup> Левада-Центр. Россияне о взятках (*Russians about bribes*). 12 May 2010. <http://www.levada.ru/press/2010051201.html>

a negative effect on their usual form of existence, they weaken and distort mechanisms embedded in laws and in the national [anti-corruption] plan”.<sup>7</sup> And there is no sign that this situation has changed during later years of Medvedev’s Presidency. It is hard to say whether Medvedev actually had enough real power to win this battle but it is also obvious that he was not just a puppet, keeping the throne for Putin. He dared to declare a war against corruption and even managed to make quite a significant progress in Russian legal system, not least leading Russia into a number of international treaties, such as the OECD Anti-Bribery Convention.<sup>8</sup>

## 2. Medvedev’s Anti-corruption Plans and Legislative Agenda

Dmitry Medvedev became the President of the Russian Federation in May 2008 as a successor of Putin. Medvedev would mention corruption as a problem during his election campaign but this was not anything special. Also Putin used to mention corruption as a great problem when he was elected. Actually nobody expected that Medvedev would go any further than occasionally mention the problem. Still Medvedev exceeded expectations.

On 19 May, just 12 days after his inauguration, Medvedev created the Council on Prevention of Corruption. The President himself became the head of the Council. The Council consisted of Russian top officials, including heads of the Federal Security Bureau and the Investigative Committee, ministries of Economic Development, Justice and Interior. Only one person in the Council was not a public official, a representative of the Public Chamber, an institution created by Putin to represent NGOs. During the first meeting, the President declared that everybody had waited enough and time had come to give a “systemic answer” to corruption.<sup>9</sup>

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<sup>7</sup> Национальный антикоррупционный комитет. Анализ реализации Национального плана противодействия коррупции (*Analysis of the implementation of the National Anti-corruption Plan*). 23 November 2009. [http://www.president-sovet.ru/structure/group\\_corruption/materials/analysis\\_on\\_anti\\_raiding.php](http://www.president-sovet.ru/structure/group_corruption/materials/analysis_on_anti_raiding.php)

<sup>8</sup> See: OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. <http://www.oecd.org/daf/briberyininternationalbusiness/anti-briberyconvention/oecdconventiononcombatingbriberyofforeignpublicofficialsininternationalbusinesstransactions.htm>

<sup>9</sup> The President of the Russian Federation. Вступительное слово на совещании по проблемам противодействия коррупции (*Introductory speech at a meeting on problems related to countering corruption*). Transcript of the speech by Dmitry Medvedev. 19 May 2008. <http://www.kremlin.ru/transcripts/135>

At the meeting, Medvedev also briefly described his anti-corruption plan. On 31 July 2008 – just a little more than two months after his inauguration – the plan was published as a presidential decree.<sup>10</sup> This was a strong statement since never before such a commitment was taken by any President of Russia. But the plan obviously lacked promotion. It was prepared by an anonymous group inside the presidential administration. Authors of the plan were never disclosed. The plan itself was not clear enough to win any support of the general public. It just stated a major goal to “eradicate roots of corruption” and then listed a number of steps to be taken. There was a lack of explanation and justification. Even though the last part of the plan had a list of government agencies responsible for its implementation plus some deadlines, overall the plan was quite vague. And there was a question whether the Council on Prevention of Corruption, which was to coordinate the implementation of the plan, would actually be able to turn it into real action. It was hard to imagine how the Council members, mostly heads of different government bodies responsible for different parts of the plan, would effectively coordinate themselves especially because there was no civil society participation. Nevertheless some success has been achieved.

Being a lawyer himself, Medvedev focused on bringing Russian legal system up to international standards. First of all he introduced the law “On Countering Corruption”. The law not only contained a definition of corruption (for the first time in the Russian law) but also made it obligatory for public officials to publish their income and assets and report any conflict of interest that they have. However, the implementation of the law faces many problems. In March 2012, even Medvedev himself admitted

***Medvedev focused on bringing Russian legal system up to international standards.***

that declarations of income and assets gave almost no result.<sup>11</sup> Many public officials provide this information but there is no effective system for verification thereof. Moreover punishments, even when enforced, are not sufficient. The hardest punishment for providing false information is firing

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<sup>10</sup> Национальный план противодействия коррупции (*National plan for countering corruption*). Approved by the President of the Russian Federation D. Medvedev, No. Pr-1568, 31 July 2008. <http://www.rg.ru/2008/08/05/plan-dok.html>

<sup>11</sup> The President of the Russian Federation. Заседание рабочей группы по формированию системы “Открытое правительство” (*Meeting of the working group on the formation of the system “Open Government”*). Transcript of the speech by Dmitry Medvedev (in Russian). 22 March 2012. <http://kremlin.ru/news/14828>

of the official without any further consequences. So he can take the same post in another governmental body. And there are no consequences if assets of public officials increase by more than their income justifies. Eventually Medvedev introduced a law that may allow confiscation of proceeds from illicit enrichment but it is still in the State Duma waiting to be adopted.<sup>12</sup> Moreover this law itself does not really fix the problem since the whole declaration system needs reforms.<sup>13</sup>

Medvedev also achieved change in the punishment for bribery. Proportional fines were introduced in May 2011. The fine was made to be 25–100 times higher than the sum of the bribe.<sup>14</sup> The prison sentence was eliminated as an obligatory punishment for big bribes although the court still can send a person to prison if the crime is considered to be severe. This controversial move was aimed to eliminate the economic rationale of corruption but it received some public criticism for letting criminals avoid jail. At the same time experts pointed out that most of officials convicted for bribery were getting only suspended sentences and thus avoiding prison anyway. So overall this measure is considered to be a positive one.

There were quite a number of other laws that Medvedev pushed through the Duma. For example, the law “On Providing Access to Information on Activities of Government Bodies and Municipal Bodies” was adopted in February 2009 and was supposed to be the Russian version of a freedom of information (FoI) act. It obliges all government agencies to answer citizens’ requests and provide any non-secret information that is requested. This law represented quite a progress but it failed to become as powerful as FoI laws in other countries because many agencies limit the information that

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<sup>12</sup> Законопроект № 47244-6 О контроле за соответствием расходов лиц, замещающих государственные должности, и иных лиц их доходам (*Draft Federal Law No. 47244-6 On control of consistency between expenses and income of public office holders and other persons*). [http://asozd2.duma.gov.ru/main.nsf/\(Spravka\)?OpenAgent&RN=47244-6&02](http://asozd2.duma.gov.ru/main.nsf/(Spravka)?OpenAgent&RN=47244-6&02)

<sup>13</sup> For more information, read a blog on declarations on the website of the Center “Transparency International – Russia” (in Russian). <http://www.transparency.org.ru/deklaracii/blog>

<sup>14</sup> Федеральный закон от 04.05.2011 N 97-ФЗ “О внесении изменений в Уголовный кодекс Российской Федерации и Кодекс Российской Федерации об административных правонарушениях в связи с совершенствованием государственного управления в области противодействия коррупции” (*Federal Law of 4 May 2011, No. 97 On amending the Criminal Codex of the Russian Federation and the Codex of Administrative Violations of the Russian Federation in relation to the improvement of state administration in the are of countering corruption*). <http://base.consultant.ru/cons/cgi/online.cgi?req=doc;base=LAW;n=113656>

they are prepared to disclose. Courts side with the agencies saying that the requested information is not about “activities” but rather about other issues of the government.<sup>15</sup>

In July 2009, the law “On Anticorruption Expertise of Legislative Acts and Draft Legislative Acts” was adopted. It introduced an obligation to check all new laws on possible corruption risks. The checks shall be done by the Ministry of Justice (MoJ) but can also be done by an independent authorized expert.<sup>16</sup> In 2011 the Center Transparency International – Russia unveiled that, due to a loophole in the MoJ rules, no anti-corruption expertise was carried out regarding draft laws introduced by the President. The loophole was fixed later. But many problems remain because all of the expertise represents just recommendations for the agency, which is drafting the law, with no binding force. The expertise results are not published. The agency just replies to the MoJ and independent experts what changes it made after reading the expertise. The results of the recommendations are not published. In 2010 Center Transparency International – Russia requested the text of a piece of such expertise from the MoJ using the FoI act. The MoJ declined the request and the court also sided with it.<sup>17</sup>

The other area where reforms started under Medvedev’s presidency is the state procurement system. Corruption in this area is really enormous. Even official figures are shocking. In October 2010 President Medvedev held a meeting<sup>18</sup> where the head of the Presidential Control Department Konstantin Chuichenko publicly announced that 1 out of the total 5 trillion rubles<sup>19</sup> spent annually on public procurement could be saved if there were no corruption in this system.

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<sup>15</sup> Many cases have been taken to the court by the Freedom of Information Foundation. See an article describing problems of the implementation of the law (in Russian): Pavlov, I. Доступ к информации: проблемы правоприменения (*Access to information: problems of the application of the law*). 3 October 2011. <http://www.svobodainfo.org/ru/node/1311>

<sup>16</sup> Authorization is done by the Ministry of Justice. <http://www.minjust.ru/node/1502?theme=minjust> The Center “Transparency International – Russia” became an authorized expert in May 2011.

<sup>17</sup> Суд поддержал закрытость антикоррупционных экспертиз законопроектов (*Court confirmed that anticorruption expertise should be closed*). Pravo.ru, 14 June 2012. <http://pravo.ru/news/view/73568/>

<sup>18</sup> The President of the Russian Federation. Совещание по вопросам исполнения поручений Президента (*Meeting on the implementation of presidential assignments*). Full transcript (in Russian), 29 October 2010. <http://www.kremlin.ru/transcripts/9368>

<sup>19</sup> 1 trillion rubles = RUR 1,000,000,000,000, approx. EUR 25 billion.

Medvedev focused on procurement during the whole of his presidency although respective legislation existed already before – the law on public procurement has been there since 2005. The law obliged most of the spending to be made through public auctions. The provider who offers the lowest price is supposed to receive the contract. There is quite a lot of criticism around. On the one hand, government officials complain that they cannot control the quality of the products. Sometimes the bidder with the lowest price offers products out of condition or useless services.<sup>20</sup> On the other hand, no public document justifies an agency's need for a particular product in the first place. This question always rises when tenders for luxury cars are announced by some local authorities or such goods or services are procured, which benefit the administration of the agency more than the agency's ability to deliver services. Still these questions as such became possible only recently when the procurement web-portal zakupki.gov started operation. Now all public tenders must be published there.

Medvedev also pushed for a provision whereby all state-owned companies and corporations shall publish their tenders on-line. During all four years of Medvedev's term, a lot of discussions took place on how to reform the procurement system. Eventually a new law to create a unified procurement system was proposed by the Ministry for Economic Development (MED). Also this law received a lot of criticism but MED managed to hold quite a number of roundtables, expert meetings and public discussions to accommodate some of the critical remarks into the law. Finally the law "On the Federal System of Contracts" was introduced to State Duma and successfully passed through the first hearing in June 2012. There is a lot of concern about the ability of the new system to curb corruption in the procurement system. The new law has many strengths and weaknesses and it would take a whole article to describe all of them.<sup>21</sup> Still all of these concerns are waiting for the reality check since in a country like Russia the main question is always not so much about the quality of the law but rather about its implementation.

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<sup>20</sup> Yakovlev, A. A., Demidova, O. A., Balayeva, O. N. Какие факторы влияют на снижение цен на торгах и что порождает проблемы при исполнении госзаказов? (*What factors influence the lowering of prices in tenders and what causes problems in the implementation of government contracts?*). Higher School of Economics, 2012. [http://www.hse.ru/data/2012/07/23/1257497169/WP1\\_2012\\_01\\_f.pdf](http://www.hse.ru/data/2012/07/23/1257497169/WP1_2012_01_f.pdf)

<sup>21</sup> For more information, read the blog on procurement on the website of the Center "Transparency International – Russia" (in Russian). <http://www.transparency.org.ru/monitoring-goszakupok/blog>

### 3. The Internet and Transparency

Probably the biggest difference between Putin and Medvedev is their attitudes toward new technologies and the internet. Medvedev is quite famous for using his iPhone or iPad in public. It is known for sure that he actually uses the internet to read news, receive e-mails or tweet. Meanwhile it is also well known that the internet could play a major role in fighting corruption. It can be used to increase transparency of the government activities or get rid of corrupt bureaucrats. You don't need them if e-government services are provided via the internet. Indeed Medvedev declared that he was going to create an e-government system that would deliver the desired level of transparency and services.

A federal program called "Electronic Russia" (or "E-Russia") was launched long before Medvedev's presidency – in 2002. However, it failed to deliver any visible results until recent years. In October 2009, the government adopted a clear plan for the introduction of e-services in the next couple of years. The Ministry of Communications with its new minister was in charge of the program. In February 2010, the web-portal gosuslugi.ru was launched. It drew a lot of criticism from internet users because an activation code for the web-portal was to be sent by the Russian Post rather than by e-mail. Later it was explained that the Russian Post was needed to confirm the identity of the person being registered. Still the reputation of the portal was ruined.

To introduce real change toward e-government and e-services, the portal was not enough. All ministries should be playing an active role but participation differed from agency to agency. For example, the Federal Migration Service made it possible to apply for a passport on-line. The application form is still so complex and outdated that it is quite hard to fill it correctly for the first time. The good news is that you don't need to stand in the line for hours to learn about those mistakes in the end. You just fix it on-line and send again. On the other hand, the Ministry of Interior's service for applications for the renewal of the driver's license is still available in only a few cities even though it was supposed to be introduced all over the country back in 2011.

The transparency in the court system is quite a good example of what can and what is not done in Russia. In December 2008 the law "On Provision of Access to Information about the Activity of Courts in the Russian Federation" was adopted. This law introduced a number of steps to increase transparency in this corrupt system, including on-line publication of all courts decisions. Courts had a year and a half to develop a publishing system.

The court system in Russia consists of three branches – the Constitutional, Commercial and General Court. The Commercial courts (also called arbitrage courts in Russia) have done an outstanding job. Not only all of the

***Courts would publish a letter from an MP requesting to have “a deeper look into the case” or “take this case under special control”. Informally judges admitted that the publication led to a dramatic decrease of such letters thus increasing the independence of courts.***

court decisions, but also all of the documents which the court gets during the case, are published. For example, courts would publish a letter from an MP requesting to have “a deeper look into the case” or “take this case under special control”.<sup>22</sup> Informally judges admitted that the publication led to a dramatic decrease of such letters thus increasing the independence

of courts. The courts’ web-portal [my.arbitr.ru](http://my.arbitr.ru) not only publishes all documents but also allows filing a complaint on-line and provides a list of postponed or interrupted court hearings. Moreover, there is a special app developed for mobile devices. So a person can access all court documents via an iPhone, iPad or other device.<sup>23</sup> This amazing level of transparency was achieved due to personal support by the head of the Commercial Court Anton Ivanov.

Meanwhile general courts still fail to meet even the minimum requirements set by the federal law. According to a study of the Freedom of Information Foundation made in 2012 general courts on average publish only 64.5% of the information required by the law.<sup>24</sup> According to another study, conducted by the Institute for the Rule of Law in May 2012, only a half of decisions have been published by the general courts. It gets even worse on the local level. 22.2% of local courts have not published any decisions on misdemeanor cases.<sup>25</sup> Overall it looks like Medvedev managed to push

<sup>22</sup> All letters to the Chairperson of the Supreme Commercial Court of the Russian Federation can be seen here: <http://www.arbitr.ru/as/pract/appeal/>

<sup>23</sup> The app is available for iOS, Android and Windows Phone. Link to the application in iTunes store: <http://itunes.apple.com/ru/app/kartoteka+/id378489897?mt=8>

<sup>24</sup> Botalova, D. Результаты мониторинга официальных сайтов органов Судебного департамента (*Results of the monitoring of websites of bodies of the Court Department*). Фонд Свободы Информации, 26 April 2012. <http://www.svobodainfo.org/ru/node/1795>

<sup>25</sup> Pozdnyakov, M. Организационные и структурные ограничения при доступе к судебным актам судов общей юрисдикции (*Administrative and structural restraints in acces to judicial acts of general courts*). Институт проблем правоприменения, June 2012. [http://www.enforce.spb.ru/images/analit\\_zapiski/organizacionie\\_strukturnie\\_ogranichenia\\_pri\\_dostupe\\_k\\_sudebnin\\_aktam\\_jun\\_2012\\_pdf.pdf](http://www.enforce.spb.ru/images/analit_zapiski/organizacionie_strukturnie_ogranichenia_pri_dostupe_k_sudebnin_aktam_jun_2012_pdf.pdf)



quite a good law through the State Duma but its implementation really varies from agency to agency. Even if applied, punishments for those who do not comply with the law are not visible. Correspondingly there is no award to those who comply and even go further than required in making the court system transparent.

#### 4. Citizens Ask for Change

While the government fails to deliver any significant change, people are starting to fight corruption themselves and the internet plays a great role in this struggle. It is hard to say whether Medvedev's anti-corruption rhetoric helped to change the public attitude or this change was inevitable anyway but the society began to wake up. In 2010 a battle to save a forest in the suburbs of Moscow (Khimki forest) became a major political event of the year. The fight was not just about the environment but also about corruption.<sup>26</sup> More and more civic activist projects started appearing on-line and off-line. Many of them focused on different corruption activities. Even the pro-Kremlin youth movement Nashi tried to organize an anti-corruption campaign.

One of the problems, which got a lot of public attention, was the misuse of government cars. In Russia many officials have special lighting signals on their cars, which allow them to avoid traffic rules, basically giving them the same priority as to ambulance or police cars. Officially the use of those signals is restricted only to cases of high importance and the number of such cars is limited. In reality, lots of officials enjoy those advantages even outside their working hours and use them against the rules. Such cars earned increasing criticism from drivers for provoking dangerous situations on roads and sometimes even causing accidents. In 2010 Russian drivers started a movement called the Blue Buckets Society. The name came from buckets that were put on cars' roofs as mockery of special signals. Members of this society started filming wrongdoings of official cars and sent complaints to the road police. The movement became quite popular – around 7,000 bloggers are members of the Livejournal community<sup>27</sup> where

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<sup>26</sup> In a joint statement, Greenpeace, WWF and other environment organizations called the events in Khimki a “symbol of corruption”: Руководство полиции Московской области должно уйти в отставку из-за произвола в Химках (*The leadership of the police of the Moscow oblast must resign because of the arbitrariness in Khimki*). Greenpeace Russia, 08 May 2011. <http://www.greenpeace.org/russia/ru/news/08-05-2011-Himki/>

<sup>27</sup> See the community profile on the Livejournal.com <http://ru-vederko.livejournal.com/profile>

new videos and photos from all over Russia appear every day. Even though the police was not always eager to investigate those cases, due to the public pressure, some of the complaints had successful results – the special signals were removed or the driver of the official whose car was caught on tape was fired. They managed to bring this topic on top of the political agenda. Some officials publicly removed their special signals. In May 2012, Putin signed a decree № 635 “On normalization of special lighting and sound signals on vehicles” limiting the total number of cars with special signals to 569 in the country<sup>28</sup> (not counting cars in special color schemes of the Police, ambulance, etc.).

Also the public procurement gained a lot of public attention. The introduction of the zakupki.gov web-portal made it possible for the general public to monitor how government agencies spend their budgets. Some bloggers and journalists started to publish information on different tenders with a high risk of corruption. In December 2010, Alexey Navalny, at that time mostly known as a popular blogger, launched a project Rospil.ru,<sup>29</sup> probably the most successful anti-corruption project on the Russian internet. However, some experts doubt whether this project really fights corruption or just makes it harder to organize a public tender.<sup>30</sup> The idea of the project is quite simple – people are asked to report any suspicious government tender, which is published on the zakupki.gov website. Then volunteers and staff of the project study the tender and, if they find any violations of procurement rules, lawyers file a complaint. Funding for the project comes from public donations. This was the first time in Russia when such big project used crowdfunding as its only source of income. Around 4.5 million rubles<sup>31</sup> were gathered during the first eighteen days.<sup>32</sup> The successful fundraising showed that people were ready to pay their own money to help fight corruption.

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<sup>28</sup> Президент оставил 569 мигалок (*The President left 569 lighting signals*). AutoNews.ru, 19 May 2012. <http://www.autonews.ru/autobusiness/news.shtml?2012/05/19/1730127>

<sup>29</sup> Rospil stands for “Rossia” (Russia) and the verb “pilit” (to saw). In Russian there is a common saying “to saw the budget”, which means embezzlement of public funds with kick-backs to the official and is spelled as “raspil”.

<sup>30</sup> For example, the expert Ivan Begtin called Rospil a farce: Иван Бегтин о “РосПил.Инфо”: Навальный балаганит вместо занятия полезным делом (*Ivan Begtin on “RosPil.Info”: Navalniy makes a farce instead of doing useful things*). Polit.ru, 17 February 2011. <http://polit.ru/news/2011/02/17/balagan/>

<sup>31</sup> RUR 4,500,000 equal approx. EUR 111,300.

<sup>32</sup> Распил бюджета научил россиян краудфандингу (*The sawing of the budget taught crowdfunding to Russians*). Коммерсантъ Секрет Фирмы, No. 10 (324), 01 October 2012. <http://www.kommersant.ru/doc-rss/2033614>

Elections to the State Duma in December 2011 triggered mass protests in Russia. Tens of thousands of protesters filled streets of Moscow and other major cities. Up to 100,000 people participated in some of the actions. First rallies focused on fraud during elections but later people brought up other claims, corruption being one of them. According to a poll<sup>33</sup> by Levada Center in 2012, for the first time since such survey was launched in 1999, corruption became one of the top 3 problems in Russia. At the same time, other surveys show that people are unsatisfied with the government efforts to fight corruption. In an official survey<sup>34</sup> conducted by for the Ministry of Economical Development, only 12% agreed that the federal government is successful in its fight against corruption. 42% said that they saw no effect. On the regional level, the survey measured the perceived willingness of the government to fight corruption. The most popular answer (32%) stated that "government of our region can effectively fight corruption but does not want to". The next most popular answer (24%) was that the "government of our region cannot effectively fight corruption and does not want to". Only 8% agreed with statement, that the "government of our region can effectively fight corruption and is willing to do so".

Medvedev failed to convince people that the government is really fighting corruption. Most of his initiatives did not make any real change for an ordinary person or even to a businessman. They continued to suffer from corrupt extortion. Some reforms were designed to touch everybody's lives, like the introduction of e-services, but they were apparently sabotaged by bureaucrats in different agencies. So, in the end, they failed to change the situation. Medvedev failed to demonstrate a strong will to punish top officials for corruption. During his term, there were quite a number of corruption scandals and most of them were not investigated

***Medvedev failed to demonstrate a strong will to punish top officials for corruption. During his term, there were quite a number of corruption scandals and most of them were not investigated properly.***

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<sup>33</sup> Левада-Центр. Претензии россиян к правительству (*Claims of Russian citizens toward the government*). 12 July 2012. <http://www.levada.ru/12-07-2012/pretenzii-rossiyan-k-pravitelstvu>

<sup>34</sup> The Ministry for Economic Development of the Russian Federation, All-Russian Public Fund "Public Opinion". Состояние бытовой коррупции в Российской Федерации (*The state of everyday corruption in the Russian Federation*). 2011. [http://www.economy.gov.ru/wps/wcm/connect/116f09004739f0c7a2a4eeb4415291f1/doklad\\_kor.pdf?MOD=AJPERES&CACHEID=116f09004739f0c7a2a4eeb4415291f1](http://www.economy.gov.ru/wps/wcm/connect/116f09004739f0c7a2a4eeb4415291f1/doklad_kor.pdf?MOD=AJPERES&CACHEID=116f09004739f0c7a2a4eeb4415291f1)

properly. The Magnitsky case is a notorious example. The lawyer Sergey Magnitsky was sent to jail after he reported on a serious tax evasion, which he discovered during his work. He died in prison in his pre-trial detention 11 months later. There is a list of untouchables who still hold high-ranking official positions, mostly in the law enforcement, even though a lot of evidence on their corrupt activities has been published.<sup>35</sup>

Another high-profile case involved the Russian subsidiary of Daimler-Mercedes. In April 2010, Daimler AG pleaded guilty<sup>36</sup> of violations of the Foreign Corrupt Practices Act in a US court. Daimler AG's Russian subsidiary admitted that in 2000–2005 it paid inappropriately approx. EUR 5 million to Russian government officials as payoffs to secure contracts. Among agencies receiving bribes were the Ministry of Interior, Moscow city administration and the Special Purpose Garage, which provides transportation services for the President, Prime Minister and other top-officials. Effective investigation of this case could show the willingness of the government to fight corruption yet, to this moment, no official charges have been publicly filed.

Medvedev started his presidency by promising to fight corruption. But all he was able to deliver was some changes of Russian laws. Also in the capacity of the Prime Minister, Medvedev appears set to continue the anti-corruption agenda.<sup>37</sup> The need to further improve legislation remains there, for example, in the areas of whistleblower protection and combating of illicit enrichment (both issues being discussed at different stages as of October 2012).

However, now Russia's society demands some real fight. Among public bodies it is not easy to identify many anti-corruption champions (the commercial courts appearing like a rare exception). No data support hopes

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<sup>35</sup> Information on the Magnitsky case and activities of the untouchables is available in English on the following website: <http://russian-untouchables.com/eng/>

<sup>36</sup> The United States Department of Justice. Daimler AG and Three Subsidiaries Resolve Foreign Corrupt Practices Act Investigation and Agree to Pay \$93.6 Million in Criminal Penalties. 01 April 2010. <http://www.justice.gov/opa/pr/2010/April/10-crm-360.html>  
U.S. Securities and Exchange Commission. SEC Charges Daimler AG With Global Bribery. Includes link to the text of original complaint. 01 April 2010. <http://www.sec.gov/news/press/2010/2010-51.htm>

<sup>37</sup> Dmitry Medvedev gives interview to The Times newspaper (United Kingdom). The website of the Government of the Russian Federation, 30 July 2012. <http://government.ru/eng/docs/19842/>

that a change of generations would somehow automatically produce cleaner ranks of public officials. In fact, many become a part of the old corrupt system. Hence the demands to demonstrate results concentrate on Putin and represent the main challenge to the new-old President. So far it looks like he is more willing to fight those who demand the fight against corruption rather than corruption itself.

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