Introduction: Main Extra-Budgetary Funds in Russia

Extra-Budgetary Funds (EBFs) are important because they are usually large, and because they are often subject to weaker transparency and accountability requirements than other government activities which are captured in the budget. At the same time, EBFs can be legitimate instruments for organizing particular types of fiscal activities.

According to international classification schemes, there are two types of extra-budgetary funds (EBFs) in the Russian Federation.¹ The first type are the social EBFs, or the social security funds, and include the:

- Pension Fund of the Russian Federation;
- Social Insurance Fund of the Russian Federation; and
- federal and territorial Compulsory Medical Insurance Funds.

Belonging to the second type are the “economic EBFs,” which are funds created by the government of the Russian Federation (RF) that target expenditures in the form of state corporations.² They include:

- the State Corporation (the Foundation for the Reform of Housing and Communal Services), Article 4, federal law from 21 July 2007 N 185-FZ (ed. from 28 July 2012) “On Fund for the Housing and Utilities Reform Support”;

¹ Four main types of EBFs are the most significant internationally: 1) social security funds; 2) natural resource funds and sovereign wealth funds; 3) other dedicated expenditure funds, such as road funds, unemployment insurance funds, and environment funds; and 4) donor trust funds and other forms of off-budget donor financing.

² The term “economic EBFs” is not used by the Russian government. We have chosen to use it on the assumption that it reflects the substance of the state corporations’ activity as an EBF.
• the State Corporation Russian Technologies (Rosttechnologii), Article 3, federal law from 23 November 2007 N 270-FZ (ed. from 10 July 2012) “On State Corporation (Rosttechnologii)”;

• the State Atomic Energy Corporation (ROSATOM), Article 4, federal law from 01 December 2007 N 317-FZ (ed. from 25 June 2012) “On State Corporation on Atomic (Rosatom)”; 

• the State Corporation for Construction of Olympic Venues and Sochi Development as Alpine Resort (Olymstroy), Article 3, federal law from 30.10.2007 N 238-FZ (ed. from 29 December 2010) “On State Corporation on Building the Olympic Objects and Development of the City Sochi as the Mountain Climate Resort”; and

• the State Corporation of Nanotechnologies, Article 3, federal law from 19.07.2007 N 139-FZ (ed. from 31 May 2010) “On State Corporation of Nanotechnologies”; reorganized in Limited Liability Company ROSNANO in March 2011; ROSNANO LLC implements public policy on development the nanoindustry, being the co-investor in nanotechnological projects with considerable economic and social potential; 100 percent of shares in the ROSNANO LLC belongs to the government. 3

This is the full list. There are no other federal laws of the Russian Federation on other state corporations. Other legal acts may not establish them.

It is difficult to assess the size of these EBFs. There is no statistical data in governmental sources of information. Based on the accounting reporting of the various state corporations, Table 1 presents a general overview of most of the economic EBFs identified above.

<table>
<thead>
<tr>
<th>Name of State Corporation</th>
<th>Assets at end of Dec. 2010 (,000 rubles)</th>
<th>Type of Activity</th>
<th>Size in % of Federal Budget</th>
<th>Source of Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vnesheconombank</td>
<td>1,782,762,924</td>
<td>Banking</td>
<td>17.62</td>
<td><a href="http://www.veb.ru/common/upload/files/veb/reports/year-end/VEB_Year-end_2010_r.pdf">http://www.veb.ru/common/upload/files/veb/reports/year-end/VEB_Year-end_2010_r.pdf</a> (page 107)</td>
</tr>
<tr>
<td>Rosttechnologii</td>
<td>314,671,393</td>
<td>Financial Intermediation</td>
<td>3.11</td>
<td><a href="http://www.rosttechnologii.ru/upload/iblock/76d/76dfb38a90a69f3f1aacfcdec80ede4.pdf">http://www.rosttechnologii.ru/upload/iblock/76d/76dfb38a90a69f3f1aacfcdec80ede4.pdf</a> (page 68)</td>
</tr>
<tr>
<td>ROSATOM</td>
<td>1,497,069,000</td>
<td>Financial investment, industrial</td>
<td>14.80</td>
<td><a href="http://ar2010.rosatom.ru/file/Fin_otch.xls">http://ar2010.rosatom.ru/file/Fin_otch.xls</a></td>
</tr>
</tbody>
</table>


3 ConsultantPlus is a legislative database for Russian legislation, see http://www.consultant.ru
(ed. from 28 July 2012)) could by their objectives be said to be extra-budgetary funds. However, according to the legislation of the Russian Federation, these are budget funds, and their current inflows and outflows are included in the main articles of revenue and expenditures of the federal budget. The aggregate volume of the funds of the Reserve Fund on the 1 August 2012 is 1,927.12 billion rubles (59.87 billion US dollars). The Reserve Fund has a balance that is passed to the next fiscal year. Its size in 2012 was equal to 8.5 percent of federal budget expenditures (expenditures of the federal budget for that year were 22,802.0 billion rubles).

The aggregate volume of the funds of the National Welfare Fund on the 1 August 2012 was 2,742.85 billion rubles (85.21 billion US dollars). The National Welfare Fund is equal to 12 percent of federal budget expenditures.

**Social Extra-Budgetary Funds**

- The Pension Fund of the Russian Federation was founded on 22 December 1990 by the Decision of the Supreme Council of the RSFSR #442-1, “On Organization of the Pension Fund of the RSFSR,” for public management of the pension finances. It was deemed necessary to separate pensions as an independent extra-budgetary fund.

- The Social Insurance Fund of the Russian Federation was founded according with the Decree of the President of the Russian Federation, 7 August 1992 #822 (ed. from 5 August 1995), “On the Social Insurance Fund of the RF” in order to provide the governmental safeguards in the system of social insurance and the increase of control for the correct and effective expenditures of the social insurance funds.


- The Territorial Compulsory Medical Insurance funds were founded by the government bodies of the “subjects of the Russian Federation” and function according with Regulations on the Territorial Compulsory Medical Insurance Fund, approved by the above-mentioned Decision of the Supreme Council of the Russian Federation. As of the 1 January 2011 the system of the compulsory medical insurance includes 84 territorial Compulsory Medical Insurance funds.


6 “Subjects of Russian Federation” are the regions, which are include republics within the Russian Federation, autonomous oblast, autonomous districts, krai, oblast, and the cities of Moscow and St. Petersburg.

7 See [http://ora.ffoms.ru/portal/page/portal/top/about/territorial](http://ora.ffoms.ru/portal/page/portal/top/about/territorial)
### Table 2: Volume of the Social EBFs of the Russian Federation (million rubles)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012 (draft)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (total)</strong></td>
<td>21,434.20</td>
<td>100.0</td>
</tr>
<tr>
<td>Federal budget</td>
<td>11,779.90</td>
<td>55.0</td>
</tr>
<tr>
<td>Pension Fund of the Russian Federation</td>
<td>5,222.70</td>
<td>24.4</td>
</tr>
<tr>
<td>Federal Fund of Compulsory Medical Insurance</td>
<td>891.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Social Insurance Fund of the Russian Federation</td>
<td>579.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Consolidated budgets of subjects of the Russian Federation</td>
<td>7682.60</td>
<td>35.8</td>
</tr>
<tr>
<td>Territorial Compulsory Medical Insurance</td>
<td>871.7</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Expenditures (total)</strong></td>
<td>22,355.20</td>
<td>100.0</td>
</tr>
<tr>
<td>Federal budget</td>
<td>12,656.40</td>
<td>56.6</td>
</tr>
<tr>
<td>Pension Fund of the Russian Federation</td>
<td>5,222.70</td>
<td>23.4</td>
</tr>
<tr>
<td>Federal Fund of Compulsory Medical Insurance</td>
<td>891.7</td>
<td>4.0</td>
</tr>
<tr>
<td>Social Insurance Fund of the Russian Federation</td>
<td>577.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Consolidated budgets of subjects of the Russian Federation</td>
<td>7,729.50</td>
<td>34.6</td>
</tr>
<tr>
<td>Territorial Compulsory Medical Insurance</td>
<td>871.7</td>
<td>3.9</td>
</tr>
</tbody>
</table>

The objective of the Reserve Fund and the National Welfare Fund is to stabilize the economic variability. Expenditure is strictly targeted – on support of the economic conjuncture and reducing of the deficit of the budget system of the Russian Federation. That, at least, is the stated goal. The reason to separate the social funds from the federal budget is the financial instability at the time of their establishment and the necessity of spending these funds only for their intended purposes.

**State Corporations**

According to the article 7.1, of the Federal Law from 12 Jan. 1996 #7-FZ (ed. from 28 July 2012), "On the Non-Governmental Organizations," there are the some specific requirements for the legal status of state corporations. In Russia the term used for NGOs is “nekommercheskaya organizazija” which translates to “noncommercial organization.” Some translators would simply use non-governmental organizations here. State corporations are classified as noncommercial organizations according to the above-mentioned law. But a number of the boundaries within which they are allowed to operate are not completely clear:

- There are no principal legal limitations on the objectives and functions of the state corporations, except for some limitations asserted by the constitution of the Russian Federation and federal constitutional laws. For example, a state corporation may not take over the functions of the executive branch of the government. Doing so would contradict Article 110 of the Constitution of the Russian Federation, but state corporations may take over a variety of functions in the sphere of oversight and control.

- The property and funds given to the state corporation by its founder – i.e., the government – are no longer deemed government (i.e., public) property. State corporations are established to perform particular public policy functions in specified areas, and their efforts are supported by transfers from the government. This is clearly defined in the appropriate government regulations. The government has no rights over the property of state corporations, nor does it have contractual rights in relation to them. State corporations are autonomous entities, in contrast to the
government-owned unitary enterprises or the joint stock companies with government shareholding or non-governmental partnerships.

- Not all state corporations are closely scrutinized by the government. There is a requirement that the corporations publish an annual report, on using their property “according to the laws specifying the establishment of the state corporation” (Article 7, p.2). However, the laws on establishment of specific state corporations may reduce such scrutiny to zero. For example, based on Article 7 in the federal law “On the Development Bank” (17 May 2007 N 82-FZ, ed. from 25 June 2012), Vnesheconombank follows established rules for accounting and reporting similar to those of other credit organizations in the Russian Federation, as established by the Central Bank of the Russian Federation. The year-end report of the Vnesheconombank, including the year-end accounting report, must be published. Information on the activities of the Vnesheconombank is placed on its official website (according to Article 7.1 of the federal law from 12 January 1996 #7-FZ “On Noncommercial Organizations”). Article 8 amplifies these reporting requirements. For the audit of the year-end accounting report of the Vnesheconombank its observatory council awards the contract to an audit organization on a competitive basis. The audit organization then carries out the compulsory audit of the year-end accounting of the Vnesheconombank before it is approved by the observatory council. The audit resolution must also be published, together with the year-end accounting report.

The Legal Framework

Social Extra-Budgetary Funds

The establishment of such funds is caused by the social character of the government and is fixed in the Article 2 and Article 7 of the Constitution of the Russian Federation, according to which “the man, his rights, and freedoms are the supreme value, and the recognition, observance, and protection of the rights and freedoms of man and citizen shall be the obligation of the State.” The Russian Federation is a social state whose policy aims to create conditions for a worthy life and the free development of citizens. In the Russian Federation, the labor and health of people are protected, a guaranteed minimum wage and salary is established, state support is ensured for the family; for maternity, paternity and childhood; for disabled persons and the elderly; for the system of social services developed; for state pensions, allowances, and other social security guarantees.”

In addition to the Constitution of the Russian Federation, the Budget Code provides an important legal base for the social EBFs: 1) the federal law on the federal budget; the federal laws on compulsory social insurance, compulsory pension and medical insurance; and other federal laws all regulate relations in this sphere; 2) legislation of the subjects of the Russian Federation (i.e., regions), on regional budgets, and on EBFs; 3) decisions of the legislative bodies of local governments on corresponding issues; 4) decrees of the president regulating the order of establishment of the specific funds; 5) government regulations of the Russian Federation; and 6) normative-legal acts of the governments of regions and municipalities.

According to the article 144 of the Budget Code of the Russian Federation, “The budgets of the EBFs of the RF are: the budget of the Pension Fund of the RF; the budget of the Social Security Fund of the RF; and the budget of the Federal Fund of Compulsory Medical Insurance.” The Budget Code defines the “state extra-budgetary funds,” which are the social EBFs, but it does not mention the other EBFs.

The most significant and largest of these is the Pension Fund of the Russian Federation, which operates under legal constraints defined by federal laws, “On Labor Pensions in the RF” from 17 December 2001,
“On the State Pension Security in the RF” from 15 December 2001; “On Compulsory Pension Insurance in the RF” from 15 December 2001; Regulations on the Pension Fund of the Russian Federation, approved by the Regulation of the Supreme Council of the Russian Federation from 27 December 1991. These laws are different, but the demands of transparency and accountability are in line with demands for transparency in the federal budget.

According to the federal law from 15 December, 2001, the Pension Fund of the Russian Federation (a state establishment) is the insurer on the compulsory pension insurance. The fund and its territorial subsidiaries constitute the single centralized system for managing the compulsory pension insurance funds. The government incurs a subsidiary liability on obligations of the Pension Fund of the Russian Federation towards the insured persons.

Funds of the Pension Fund are sent to payment of pensions and some types of benefits. The Pension Fund is the independent body that manages pension insurance funds, which are excluded from the federal budget. At the moment, the Pension Fund is subordinate to the government of the Russian Federation and reports annually on the results of its activity.

The main goals of the Pension Fund are:

- the collection and accumulation of funds for payment of pensions and allowances for children, and the organization of such financing;
- participating on a long-term basis in the financing of federal and regional programs on social support for the population; and
- investing resources to generate additional funds for the foundation on the basis of self-financing principles.

Funds of the Pension Fund are spent according to the above mentioned goals on payments of pensions and some social benefits, including payments of allowances on child care, material assistance to aged and disabled citizens made by the social security bodies, financial and material/technical support of the current activity of the Pension Fund and its bodies, and other purposes.

The direct management of the Pension Fund of the Russian Federation is the responsibility of the Executive Directorate, which develops the draft budget of the Pension Fund, with participation of the Ministry of Finance of the Russian Federation, finally approved by the board. Then the draft budget is debated and approved by the State Duma. In contrast to the federal budget, the Pension Fund’s budget is developed by the management board of the fund itself. And then it is approved by the State Duma in a separate law. The draft budget of the Pension Fund is submitted to the State Duma for consideration along with the draft of the federal budget.

According to the law “On Medical Insurance of the Citizens of the RF,” the Federal and Territorial Compulsory Medical Insurance Funds are established. The legal basis of their functioning are the corresponding regulations, approved by the Supreme Council of the Russian Federation from 24 Feb. 1993 and the Charter of the Federal Fund of the Compulsory Medical Insurance, approved by the regulation of the government from 29 June 1998.

The activity of these two focuses on implementing public policy in the field of compulsory medical insurance as a component of state social insurance. The Federal Fund is set up by the Russian Federation, while the Territorial Funds are created by representative and executive bodies in the states.
of the Russian Federation. The funds collected by these foundations are public property but are not included in the public budget. The main objectives of the expenditures from the Compulsory Medical Insurance Funds are financing the compulsory medical insurance, allocating credits to insurers, organizing the preparation of specialists for the system of compulsory medical insurance, and other arrangements.

The Social Security Fund of the Russian Federation, founded by the regulation of the government from 12 February 1994 “On Social Security Fund of the RF,” includes a number of amendments for financing expenditures on social security. According to Article 145 of the Budget Code of the Russian Federation, the EBFs are managed by the government. The budgets of these enterprises are prepared by the EBF’s management bodies and are then sent by the executive government bodies to the legislature for consideration along with the executive budget proposals for the upcoming fiscal year. The budgets of the mentioned social EBFs are considered and approved by the federal assembly (as federal laws at the same time as the federal budget for the next financial period is approved. For each social EBF there is a separate law.

At the end of budget year, the management of each social EBF compiles a report on the budget’s execution. The government of the Russian Federation submits the report for consideration and approval to the federal assembly in the form of federal law (Article 149 Budget Code the RF).

At the same time the article provides that the federal government submits to the Accounting Chamber of the Russian Federation (the Supreme Audit Institution) the reports on budget execution of the EBFs for the reporting year not later 15 June of the current year. The Accounting Chamber makes a resolution on them and submits it to the State Duma, the Council of Federations (both chambers of the parliament) and to the government of the Russian Federation no later than 15 September. The Accounting Chamber verifies that each EBF is targeting its funds to meet the demands of the legislation that created it.

EBFs may be set up solely at the federal or regional level, and the budget reporting of EBFs is presented from the regional level to the federal, where the single governmental budget reporting on the execution of the budgets is prepared. Article 264.10 provides that the government of the Russian Federation submits the yearly report on federal budget execution to the State Duma along with the draft of the federal budget (Executive’s Budget Proposal) for the coming fiscal year. This article also establishes the list of the additional documents required, including the reports on budget execution.

“According to Article 145 of the Budget Code of the Russian Federation, the EBFs are managed by the government.”

The order of compilation, submitting, and approval of EBFs budgets is spelled out in Chapter 17, Article 145, of the Budget Code of the Russian Federation. The list and order of forming of the EBFs, as well as organizational issues of their activities are specified at the federal level. Under the Article 11 of the Budget Code of the Russian Federation, the federal budget and the EBFs budgets are compiled and approved in the form of the federal laws.
Article 30 of the Budget Code provides that the funds used to form EBFs and their subsequent expenditures are the responsibilities of the EBFs management bodies. The EBFs management bodies are independent with regard to their budget execution, and government bodies must not interfere. However, there are some exceptions from the rule of non-interference of one government body into activity of others, including the EBFs. This exception concerns the interbudgetary transfers, defined as the funds of one budget of the budget system that may be transferred to a different budget. In that case government bodies of one level of the budget system have the right to set up the order, conditions, and directions of spending the interbudgetary transfers. To sum up, the EBFs fulfill in practice the social function of the state, because they are aimed at implementing the constitutional rights of citizens with regard to pension security, social insurance, social security in case of unemployment, health protection, and medical assistance.

The order of preparation, submission, and approval of the EBF budgets (Article 145 of the Budget Code) coincides with the preparation, submission, and approval of the draft budget (Executive’s Budget Proposal) for the upcoming fiscal year. The Federal Treasury serves the Cashier’s function in the execution of EBF’s budgets (Article 148, Budget Code the Russian Federation).

The federal government presents to the State Duma the reports on the execution of the EBF’s budgets not later than by 26 August of the current year, along with the draft of the federal budget on execution of the EBFs budgets for the reporting fiscal year and other budget reports on execution of EBF budgets (Article 149, Budget Code the Russian Federation).

Yet it should be noted that this budget system includes only the budgets of the EBFs and the budgets of the territorial EBFs. The funds of the EBFs are not consolidated into the federal budget, budgets of the subjects of the federation, and budgets of municipalities. For macroeconomic analysis, it is possible to use the indicators of activity of the social EBFs consolidated with the federal budget. However, their uniqueness, from the perspective of accountability and transparency, is in their separation from the federal budget and, in connection with it, in the possibility of analysis of the actual source of revenue for each of the funds.

The EBFs are independent financial establishments, whose funds are the governmental property, and are not included in the budgets of other foundations, and so may not be withdrawn.

There are some special features of social EBFs:

- they are introduced by the government bodies and have strict target objectives;
- EBF funds are allocated for financing governmental expenditures and are not included in the budget;
- EBF funds are drawn primarily from the compulsory payments of the legal entities and individuals;
- insurance fees paid into EBFs are like taxes; they represent payments and collections established by the government and are obligatory with their calculation, withholding, and transfer from payers regulated by the tax legislation;
- EBF funds are government property, but not included in budgets and other foundations, and may not be withdrawn for objectives, unless the law specifically makes a provision for such a case;
- EBF funds are spent on the order of government or its authorized representative (fund’s board);
• EBF funds may implement subventions for adding funds for financing investment programs and projects; this right of the funds is not currently practiced, but it means that the funds could use their temporarily free-up funds for investing programs or projects in pursuit of their goals; and

• EBF revenues and expenditures are generally presented according to the standard classification used in other budget documents produced by the government; exceptions are related to the interpretation of specific details of the budget codes.

The funds of the EBFs are to come from the revenue of the relatively reliable tax base of the salary fund, which objectively favors the mobilization of the necessary resources to the foundations. The monthly allocations from the actual accrual of the salary fund to the foundations is particularly effective in period of unstable economy, high inflation, and large budget deficit. It allows mobilizing in unfavorable conditions the necessary funds for solving major social problems.

The EBF budgets according to amendments, introduced in the Budget Code of the Russian Federation on 26 April 2007 N 63-FZ, “On Introduction of Changes to the Budget Code of the RF in Part of Regulation of the Budget Process and Matching the Separate Legislation Acts of the RF to Budget Legislation in the RF,” formed for a three-year period. Doubtless this is a positive feature, which makes it possible to move to financing that is based on long-term developmental objectives. The EBFs now are formed for three years in line with the federal budget. It allows time for the presentation of the public the perspectives on the public policy in the sphere of social security. Overall, the normative-legal base of social EBFs functioning meets the requirements of transparency and accountability, and the EBF budgets function on the same requirements as the federal budget.

State corporations

The state corporation is one of the organizational/legal forms of the nongovernmental organizations. It appeared as a result of the amendment to the federal law from 12 January 1996 #7-FZ “On Non-Governmental Organizations,” enacted in 1999 by the federal law from 8 July 1999 #40-FZ “On the Restructuring of Credit Organizations.” According to legislation, the state corporations are the legal entities created by government for implementing socially important functions or projects of national importance.

The state corporations enjoy government support — direct and indirect, financial or other — and they are, as a rule, noncommercial. Their activity is controlled not primarily by government but by public institutions. The instrument of trust institution is widely used for managing these organizations. This kind of organization involves the trust management of the property given to the state corporations by the government in order to realize some goals of public policy.

The question of scrutiny of the state corporations’ activity from the funder’s side is a key issue in the analysis of their real legal status. We can draw the following conclusions:

• In the majority of laws that establish these state corporations, there either are no evaluation criteria for the degree of achievement of the legislatively settled objectives (Postechnologii, Rosnanotech), or the criteria are essentially narrower than the previously announced objectives and may not allow assessment of the degree of achievement (Rosatom and Vnesheconombank). The sole exception might be Olimpstroy, but this is explained by the concreteness and the narrowness of its purpose (i.e., the construction of the Olympic complex in the city Sochi) which allows formulating clear criteria.
The laws do not establish the medium- and long-term planning procedures for the state corporations, with the exception of Rosatom. In this case the limitations for revision of the program indicators and frequency of their revision are not defined.

The feasible legal sanctions for non-implementing programs and noncompliance of the actual indicators with the target indicators are not detailed.

Analysis of authorities of the founder (Russian Federation as represented by various government bodies) is carried out on the basis of a survey of laws setting up the state corporations. Overall, the results of the analysis led to the following conclusions:

- Procedures for forming the state corporations’ management bodies are essentially different for different corporations.
- In a majority of the state corporations the deciding vote in formation of the managing bodies of the state corporations belongs to the president of the Russian Federation. This causes dependency on the political cycle of the presidential elections and creates a temptation to attempt to manipulate the political process.
- The laws establish no fixed procedures and evaluation criteria for the state corporations’ managers or the supervisory councils’ activity.
- Finally, the normative-legal base of the state corporations satisfies the requirements for state enterprises, but does not satisfy the requirements of transparency and accountability to the founder.

**General Issues**


The key parameters of the budget system of the Russian Federation, including the volume of EBFs, are also defined. (See Table 3.) In addition, there are the projections of the main parameters of the budget system of the Russian Federation, including budgets of all social EBFs. The explanatory note to the draft law on the federal budget titled, “On Federal Budget of 2012 and for a Planned Period of 2013 and 2014 Years,” describes the policy of the interbudgetary transfers with the EBFs.
### Table 3

**Key Parameters of the Budget System of Russian Federation (billions of rubles)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (total)</td>
<td>13,286.8</td>
<td>14,978.8</td>
<td>17,520.1</td>
<td>19,025.0</td>
<td>20,538.7</td>
</tr>
<tr>
<td>percent of GDP</td>
<td>34.0</td>
<td>33.2</td>
<td>34.8</td>
<td>34.0</td>
<td>33.2</td>
</tr>
<tr>
<td>Federal budget</td>
<td>7,337.8</td>
<td>7,860.9</td>
<td>8,844.6</td>
<td>9,503.5</td>
<td>10,379.9</td>
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<tr>
<td>EBF budgets of the RF</td>
<td>3,506.4</td>
<td>4,775.6</td>
<td>5,512.9</td>
<td>6,028.7</td>
<td>6,623.6</td>
</tr>
<tr>
<td>- including revenue other than interbudgetary transfers</td>
<td>1,390.7</td>
<td>2,182.4</td>
<td>3,057.6</td>
<td>3,345.5</td>
<td>3,695.6</td>
</tr>
<tr>
<td>Consolidated budgets of subjects of the RF</td>
<td>5,923.6</td>
<td>6,144.8</td>
<td>6,497.8</td>
<td>6,828.4</td>
<td>7,337.6</td>
</tr>
<tr>
<td>- including revenue other than interbudgetary transfers</td>
<td>4,437.5</td>
<td>4,808.5</td>
<td>5,238.3</td>
<td>5,804.8</td>
<td>6,374.3</td>
</tr>
<tr>
<td>Expenditures (total)</td>
<td>15,987.0</td>
<td>17,801.6</td>
<td>19,620.3</td>
<td>21,033.0</td>
<td>22,462.9</td>
</tr>
<tr>
<td>percent of GDP</td>
<td>40.9</td>
<td>39.4</td>
<td>38.9</td>
<td>37.6</td>
<td>36.3</td>
</tr>
<tr>
<td>Federal budget</td>
<td>9,660.1</td>
<td>10,232.8</td>
<td>10,658.6</td>
<td>11,237.9</td>
<td>12,175.6</td>
</tr>
<tr>
<td>- including expenditures other than interbudgetary transfers</td>
<td>6,077.9</td>
<td>6,325.3</td>
<td>6,966.5</td>
<td>7,555.2</td>
<td>8,312.7</td>
</tr>
<tr>
<td>EBF budgets of the RF</td>
<td>3,555.0</td>
<td>4,808.9</td>
<td>5,502.4</td>
<td>6,024.5</td>
<td>6,616.0</td>
</tr>
<tr>
<td>- including expenditures other than interbudgetary transfers</td>
<td>3,446.4</td>
<td>4,705.7</td>
<td>5,394.4</td>
<td>5,904.9</td>
<td>6,213.1</td>
</tr>
<tr>
<td>Consolidated budgets of subjects of the RF</td>
<td>6,252.9</td>
<td>6,562.4</td>
<td>6,794.5</td>
<td>7,106.2</td>
<td>7,473.6</td>
</tr>
<tr>
<td>- including expenditures other than interbudgetary transfers</td>
<td>5,983.6</td>
<td>6,267.8</td>
<td>6,469.7</td>
<td>6,722.7</td>
<td>7,021.7</td>
</tr>
<tr>
<td>Territorial funds of compulsory medical insurance</td>
<td>479.1</td>
<td>502.8</td>
<td>789.7</td>
<td>850.2</td>
<td>915.4</td>
</tr>
<tr>
<td>Deficit (-)/surplus (+),(Total)</td>
<td>-2,700.2</td>
<td>-2,822.8</td>
<td>-2,100.2</td>
<td>-2,008.0</td>
<td>-1,924.2</td>
</tr>
<tr>
<td>percent of GDP</td>
<td>-6.9</td>
<td>-6.2</td>
<td>-4.2</td>
<td>-3.6</td>
<td>-3.1</td>
</tr>
</tbody>
</table>


The reports on execution of the federal budget and the extra-budgetary funds for 2010 were presented to the State Duma along with draft of the federal budget on execution of federal budget for 2010. The reports are audited. In the package of documents are reports on execution of the federal budget and the social EBFs budgets. Overall, the list of EBFs and their parameters are accessible along with the draft of the federal budget (Executive’s Budget Proposal) and the report of its execution.

**State corporations**

The state corporation differs from the Limited Liability Company (LLC) with prevailing governmental share in that state corporations may not be declared bankrupt: the legislation limits bankruptcy solely to the noncommercial organizations, active in the form of consumer cooperative, charitable foundation, or other foundation. The state corporations are not required to disclose the information, which is required of an LLC. The principal difference between the state corporations and the state unitary enterprises is in the exclusion of the state corporations from even formal oversight by government bodies. In particular, the state corporations are not obliged to report to the government bodies on their activity, except the submission of an annual report to the government of the Russian Federation, the audit resolution, the resolution of the revision commission (auditing commission) on results of scrutiny of the financial accounts, and some other documents. These regulations are set out by the federal laws establishing the state corporations, which include:

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8 See the federal law on the federal budget for 2011, “Main Directions of the Budget Policy of Russia for 2011 and for a Planned Period of 2012-2013.” Detailed expenditures and revenues of the social EBF budgets are presented to the State Duma in the same form of, according to the budget classification, as the federal budget. No state corporations are included in the statistics of the governmental sector.


• Federal law from 23 November 2007 N 270-FZ (ed. from 10 July 2012) “On State Corporation Rostekhnologii”


• Federal law from 30.10.2007 N 238-FZ (ed. from 29 December 2010) “On State Corporation on Building the Olympic Objects and Development of the City Sochi as the Mountain Climate Resort”

Any other federal government bodies — including the Ministry of Justice and the Federal Service for State Registration, Cadastre and Cartography (Rosregistracija), tax and customs service, as well as government bodies of the subjects of federation and local government bodies — have no right to interfere in the activity of the state corporations. Interestingly, however, the state corporation must not publish even the above-mentioned reporting. The corporation releases only the reporting directly named by the law on its formation. These regulations are set out by the federal laws establishing the state corporations:


• Federal law from 30.10.2007 N 238-FZ (ed. from 29 December 2010) “On State Corporation on Building the Olympic Objects and Development of the City Sochi as the Mountain Climate Resort”

The State Atomic Energy Corporation ROSATOM at its website publishes the summary annual report.9 It includes information regarding the financial plan, implementing the federal target programs, property, annual accounting reporting, report on using funds of the federal budget, on consolidated financial reporting. It publishes an annex to the annual report that contains solely the aggregated data on financial/economic indicators of the corporation and its organizations, on results of implementing of the governmental programs, accounting of the corporation with the resolution of the independent auditing company, resolution of the revision commission, and financial/economic activity of the corporation and its organizations. The most recent one is the report for 2011. The target programs are visible in the corresponding section. According to the federal law “On Federal Budget for 2010 and a Planned Period of 2011 and 2012,” the volume of financing was 85,860.2 million rubles, including the

9 See http://www.rosatom.ru/investor/presentations/
property contribution of the Russian Federation in the State Corporation “Rosatom,” which was equal to 53,239.8 million rubles.\(^{10}\)

The State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)” presents at its website the annual report containing all information demanded by the Russian legislation.\(^{11}\) Indicators of the financial activity of the bank are presented through the publication of the accounting reports and the audit report.

The State Corporation – “Foundation for the Reform of Housing and Communal Services” – publishes at its website the annual and current report on activity.\(^{12}\) The annual report includes the following information: report on expenditures of the foundation’s funds, budgets of the subjects of the RF, local budgets on the realization of the regional target programs, information on implementing of the foundation’s strategy on the period by 2013, annual financial (accounting) reporting of the foundation, and results of achieving its key efficiency indicators.

The State Corporation for Construction of Olympic Venues and Sochi Development as Alpine Resort – Olympstroy - publishes the report on its activity as well.\(^{13}\) It includes the following information: on realization of the construction of the Olympic objects and completing other activities connected with the construction, accounting reports with audit resolution, report on course of the construction, on receipt and use of funds of corporation on the construction, and resolution of the revision commission of the state corporation “Olympstroy” on results of scrutiny of its annual accounting report.

The State Corporation Russian Technologies (Rostechnologii) presents at its website its development strategy for the period by the year 2020 and annual reports for 2011 year.\(^{14}\) The annual report includes the following information: financial information (accounting reporting); organization of implementing the government program of armament, governmental defense order and mobilization plan, the federal target programs and military-technical cooperation programs, and the corporation’s activity implementation programs; development and realization of the corporation’s innovative development programs for the middle-term period and others.

The activity of the state corporations that is presented on their websites is sufficiently detailed, and the reports comply with the norms of the Russian legislation and the principles of openness. However, there is no single list of the state corporations in statistical or budget reporting. Nor are there any state


\(^{11}\) See [http://www.veb.ru/common/upload/files/web/reports/annual/VEB_Annual_2010_r.pdf](http://www.veb.ru/common/upload/files/web/reports/annual/VEB_Annual_2010_r.pdf)

\(^{12}\) See [http://www.fondgkh.ru/result/result/statistic/index.html](http://www.fondgkh.ru/result/result/statistic/index.html); Operative information [http://www.fondgkh.ru/result/result/get_finance/index.html](http://www.fondgkh.ru/result/result/get_finance/index.html); Report for 2012 [http://www.fondgkh.ru/data/2013/06/20/1234658107/%D0%96%D0%9A%D0%A5_%D0%9E%D1%82%D1%87%D0%B5%D1%82_2012_070613.pdf](http://www.fondgkh.ru/data/2013/06/20/1234658107/%D0%96%D0%9A%D0%A5_%D0%9E%D1%82%D1%87%D0%B5%D1%82_2012_070613.pdf)


corporations included in the IMF list of the units of general government and its subsectors in the Russian Federation.  

The source of the funds allocated to finance the activity of the state corporations or to create their authorized capital are found in the laws on the federal budget. Federal law from 07 Oct. 2011 # 272-FZ “On Execution of the Federal Budget for 2010,” Annex 3, for example, deals with in-kind contributions of the Russian Federation to the State Corporation Russian Technologies for implementing arrangements to complete the construction and inauguration of the high-tech federal medical centers, including such arrangements as conducting an audit and evaluating the parts of a construction project that are not yet completed.

Budget Presentation

The key parameters of the budget system of the RF, including EBFs, are presented along with the draft of the federal budget. The projections of the key parameters of the budget system of the RF, including the budgets of all social EBFs for both revenue and expenditures take place as well. The structure of public finances and planned interactions are obvious from these documents.  

Drafts of the budgets of the social EBFs are submitted to the State Duma of the Russian Federation independently, and information on them is available on the State Duma’s website.

The draft of the federal law “On the Budget of the Pension Fund for 2012 and a planned Period of 2013 and 2014 years” is available online [In Russian]. The draft of the federal law “On the Budget of the Federal Fund of Compulsory Medical Insurance for 2012 year and a Planned Period of 2013 and 2014 years” is available online [In Russian].

The reports on the EBFs are the same as the form of presentation of the federal budget. In these documents, the interactions of each EBF with the federal budget of the Russian Federation and the budgets of its subjects are described in detail.

Information on the state corporations in the draft of the federal budget and the supporting budget documents is not marked out because of their legal status as independent legal and institutional structures. However, according to the Russian legislation, the reports on the state corporations’ activities are presented at the websites of all state corporations.

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15 IMF Government Finance Statistics Yearbook 2008 (p. 535) [In Russian].
16 See zip-archive file ProjFZ_o_FB_2012-2014 (3).zip of the draft budget with all supplementary documents, available at [In Russian].
17 The draft of the federal law “On the Budget of the Social Security Fund of the RF for 2012 and a Planned Period of 2013 and 2014 Years” is available at [In Russian].
18 See the text of the submitted draft law, Article 4, “Interbudgetary Transfers to the Budget of the Fund and from the Budget of the Fund to Other Budgets of the Budgetary System of the RF,” available at [In Russian].
Budget Execution

The reports on budget execution of the social EBFs are approved in the form of the federal laws that are separate from the report on the federal budget execution; however, they may be submitted to the State Duma along with the draft of the federal budget for the next year. The structure of the reports is identical to the report on the federal budget execution. Requirements for disclosure of information on the activities of EBFs is as follows:

- Federal law from 6 Oct. 2011 # 268-FZ “On Execution of the Pension Fund Budget of the RF for the 2010.” The approved indicators of budget execution are the following: revenue of the fund by budget revenue classification, expenditures structure, and sources of the internal financing of the fund’s budget deficits by sources of the budget deficit financing. Since 2000, the social EBFs according to the Budget Code are approved on the same budget classification as the federal budget. In this case we refer to the law from 2011, approving the corresponding budget in the form provided for by the Budget Code.

- Federal law OT 6 Oct. 2011 # 267-FZ “On Execution of the Social Security Fund’s Budget for 2010” was approved, including budget revenue of the fund on classification of revenue; for the fund’s budget expenditures on sections, subsections, target articles, and types of expenditures; and sources of the internal financing of the fund’s budget deficit.

- Federal law from 6 Oct. 2011 # 269-FZ “On the Federal Fund of Compulsory Medical Insurance Budget Execution for the 2010” was approved, including the fund’s budget revenue classification; its expenditure structure; sources of the internal financing of the fund’s budget deficit; breakdown of subsidies from the fund’s budget, transferred to the Territorial Compulsory Medical Insurance funds for implementing the fund’s programs within the framework of the compulsory medical insurance.

In the report of the Ministry of Finance, “Main Results and Directions of the Budget Policy for 2012 and a Period by 2014,” the social EBFs and the state corporations’ activities are not analyzed and are not planned.19

Legislative Oversight

The Accounting Chamber of the Russian Federation – the Supreme Audit Institution of Russia – carries out audits of the draft laws on budget as well as the budget execution of the social EBFs. The objective of the audits is to see to it that the social EBFs meet the requirements of the legislation currently in force. It analyzes indicators of compliance with the requirements, defined in the regulations of the President’s Budget Statement to the Federal Assembly of the Russian Federation, “On Budget Policy in 2011-2013.” The resolutions of the Accounting Chamber of the Russian Federation are available at the website of the State Duma of the Russian Federation. The State Duma has a right not to approve the report on budget execution of the social EBFs, but it has never done so in practice.

• Resolution on the draft of the federal law “On the Budget of the Pension Fund of the RF for 2011 and a Planned Period of 2012 and 2013 years” (approved by the Board of the Accounting Chamber of the Russian Federation [minutes from 8 Oct. 2010 # 47K (749), i.18].

• Resolution of the Accounting Chamber of the RF for the report on the Pensions Fund budget execution for 2010 year, submitted by the government of the Russian Federation to the Accounting Chamber [approved by the Board of the Accounting Chamber of the Russian Federation (minutes from 29 August 2011 # 40K (807), i.4].

• Resolution for the draft of the federal law “On Budget of the Social Insurance Fund of the RF for 2011 and a Planned Period of 2012 and 2013 years,” [approved by the Board of the Accounting Chamber of the Russian Federation (minutes from 8 October 2010 # 47K (749), i.19].

• Resolution of the Accounting Chamber of the RF for the report on execution of the Social Insurance Fund of the RF budget for 2010, submitted by the government of the Russian Federation to the Accounting Chamber [approved by the Board of the Accounting Chamber of the Russian Federation (minutes from 29 August 2011 year # 40K (807), i.5].

• Resolution for the draft of the federal law “On the Budget of the Federal Fund of Compulsory Medical Insurance for 2011 and a Planned Period of 2012 and 2013 years” [approved by the Board of the Accounting Chamber of the RF (minutes from 8 October 2010 # 47K (749), i. 20].

• Resolution of the Accounting Chamber of the RF for the report on execution of the budget of the Federal Fund of Compulsory Medical Insurance for 2010, submitted by the government of the Russian Federation to the Accounting Chamber [approved by the Board of the Accounting Chamber of the Russian Federation (minutes from 29 August 2011 # 40K (807), i.6].

There is a list of laws on budgets and reports on execution of all social EBFs budgets. The resolutions of the Accounting Chamber of the RF generally include the following conclusions and recommendations:

• The drafts of laws comply with the requirements of the legal and other normative acts on issues of the social security and social insurance and methodical documents. (This means normative documents of the social EBFs, detailing the procedures of rendering pensions and social payments from the funds.)

• The revenue and expenditures parameters of the budgets are grounded.

• There are recommendations on planning of the revenue on covering any deficits that arise and setting the order of repayment of the funds in the insurance reserve.

• A determination is made as to whether the increase in the share of the transfers from the federal budget to the revenue of the funds budgets is sustainable.

22 See http://asozd2.duma.gov.ru/main.nsf/(ViewDoc)?OpenAgent&arhiv/a_dz_5.nsf/BvID&7DF4AE38F46F1F88C32577BA00520DF1
23 See http://asozd2.duma.gov.ru/main.nsf/(ViewDoc)?OpenAgent&arhiv/a_dz_5.nsf/BvID&D9F52AD4EA05ECC32577BA00524378
• The funds’ budgets include an effort to use the complex of measures on improvement of management and supporting the stability of the fund.

• The Accounting Chamber of the Russian Federation supposes that the draft may be approved by the State Duma of the Federal Assembly of the Russian Federation on first reading.

At the website of the Accounting Chamber of the Russian Federation, the information on results of the supervisory arrangement “Scrutiny of the Efficiency of the Federal Budget Funds Use, Allocated in 2009-2010 Years to the State Corporations”.25

The objects of the supervisory arrangement were the State Corporation Russian Technologies – Rostecnoiogii, the State Atomic Energy Corporation ROSATOM and the State Corporation for Construction of Olympic Venues and Sochi Development as Alpine Resort – Olympestroy.

The Accounting Chamber of the Russian Federation has the opportunity to control the use of budget funds and federal property by the state corporations, according to the federal law from 11 January 1995 # 4-FZ (ed. from 29 December 2010) “On the Accounting Chamber of the RF,” a number of the core laws on the state corporations, and the corresponding agreements with the state corporations.

In 2008-2009 years, the supervisory arrangements were conducted by the Accounting Chamber of the Russian Federation in the state corporations. The results of these and other inspections revealed inefficient management of the state property. Corresponding materials were sent in accordance with the established procedure to the chambers of the Federal Assembly of the Russian Federation and were also reported by Sergey Stepashin, the Chairman of the Accounting Chamber, to Russian Federation President Dmitriy Medvedev and Chairman of the Government Vladimir Putin.

As a result of this audit, it was determined that the existing practice of allocating subsidies as an in-kind contributions toward the goals of the state corporations without appropriate accounting for any funds left over created conditions for their inefficient use. Accordingly, on 31 March 2011 the volume of the remainder in the state corporation “Rostecnoiogii” was 2.8 billion rubles.

The required government scrutiny of the state corporations is prescribed in the legislation as the responsibility of “the Accounting Chamber of the RF and [is] applied to all government bodies (including their administrative machinery and establishments of the Russian Federation, for the federal EBFs, state corporations, and state companies” (Article 12, federal law from 11 January 1995 #4-FZ (ed. from 29 December 2010) “On Accounting Chamber of the RF”).

The parliamentary hearings, conducted on the drafts of federal budget and the annual reports, include the issues of the budget policy in the sphere of the social insurance and security, i.e. the social EBF’s sphere of activity. At the parliamentary hearings, “On Forecast of the Social-Economic Development of the RF by the 2014 Year and the Parameters of the Draft of the Federal Budget for 2012 Year and a Planned Period of 2013 and 2014 Years,” policy in these areas was discussed. In the recommendations

made at the parliamentary hearings, participants were sorting out the problems of the social insurance and security system and suggested the directions to solve them.26

However, no information on the deliberations taking place in these parliamentary hearings or on the recommendations in the sphere of EBFs appeared in the mass media, and we have not found any changes in public policy as a result.

The mass media and Internet sources suggest that separate parliamentary hearings or other public arrangements on budgets of the EBFs are not conducted. The activity of the state corporations was discussed at the round table “State Corporations: Problems of Development and Perspectives (Financial Support and Normative-Legal Regulation),” organized by the Committee on Budget of the Council of Federations in 2009. The state corporations’ management, representatives of the federal ministries, scientific and public communities, members of the Council of Federation and deputies of State Duma of the Russian Federation presented their reports there.27 Other information on public discussion of the state corporations’ activities was not found in any public sources of information.

**Public Participation**

The Public Chamber of the Russian Federation organized hearings on the draft of the federal budget for 2013 and a planned period for the 2014-2015 years. The Public Chamber was formed according to the federal law from 4 April 2005 #32-FZ “On the Public Chamber of the Russian Federation.”28 According to this law, the Public Chamber is elected every three years and fosters interaction of citizens with central and local government bodies “in order to increase responsiveness to demands and interests of citizens, to defend their rights and freedoms during development and realization of the public policy, and also in order to implement public oversight for the activity of government bodies.” The organizers of the hearings were: the Commission of the Public Chamber on Economic Development and Entrepreneurship; the Commission on Regional Development and Federal Relations; the Commission on Local Government and Housing and Communal Services Policy; the Commission on Social Policy, Labor Relations, and Quality of Life of Citizens; and the Commission on Development of the Civil Society and Interaction with the Public Chambers of the subjects of the Russian Federation.29

According to the Rules and Procedures of the State Duma (approved by the regulation of the State Duma of the Federal Assembly of the Russian Federation from 22 Jan. 1998 #2134-II GD), the parliamentary hearings and other arrangements are open to the mass media representatives, as well as to public unions and the public. The legislation makes a provision for the preliminary publication of information on the hearings, for public access to their speeches and written or oral presentations.

Information in the website is published in advance. No detailed agenda is posted, but there is a theme for the meeting. There are no statistics of public participation in the open access. Public participation can be judged to some degree by the number of representatives of publications in the mass media who

28 See [http://www.oprf.ru](http://www.oprf.ru)
attend the hearings and by the speeches of the representatives of the public on results of the hearings. When the public is specifically invited to the hearings, it is usually in order for a representative of the public to speak there. Such invitations are issued by the appropriate committee of the State Duma, which organizes the hearings. Those who are invited are chosen by the organizers — parliamentary groups and committees in the State Duma — requests to speak should be directed to them.

The parliamentary hearings lead to approval of the recommendations on the debated issue. This approval is determined by a majority vote of the deputies of the State Duma participating in the hearings (Article 70 of the Rules and Procedures of the State Duma). The parliamentary hearings are recorded and are taken down in shorthand. The minutes of the hearings are signed by the chairman of the hearings. Copies of the verbatim reports, recommendations, and other materials are given to the Parliamentary Library the organizers within 10 days after conducting the hearings. The Library gives readers access to the materials of the parliamentary hearings in the reading room. Recommendations of the open parliamentary hearings may be published and also placed in the Foundation of the Electronic Informational resources of the State Duma of the Federal Assembly of the Russian Federation from 10 June 2005 # 1978-IV GD – Collection of legislation of the RF, 2005, #25, article 2480). However, we were not able to locate the minutes, reports, and so on in the electronic library of the State Duma or on its website.

Overall, there is the normatively settled possibility for the public to present written or oral remarks and to participate at the parliamentary hearings organized to debate the social EBF’s budgets. However, in practice, access is not made extremely easy, and the records of such hearings in the electronic library of the State Duma are absent.

According to the Budget Code of the Russian Federation, the legislation and practice of the general laws concerning access to official information apply to the social EBFs. The applications to the management bodies of the social EBFs and the state corporations are possible in practice. But we did not manage to find any accessible information on the cases in which civil society groups or individuals used the official information law to obtain budget information or other information about practice in this area. However, the civil society groups could possibly use these laws to obtain information and data on the EBFs.

There are no separate laws covering the participation of the civil society in the activities of the social EBFs or EBFs in general or any single EBF. In practice, the consultations with the public on changing policies changing towards EBFs are introduced separately.

For example:

- 3 February 2011: The Public Hearings on the analytical report of the Ministry of Health and Social Development of the Russian Federation (Minsotsrazvitiye) “Results of the Pension Reform and the Long-Term Perspectives of the Pension System Development of the RF in Terms of the World Financial Crisis Influence.” The Public Chamber conducted the public hearings devoted to the debates of the main ideas and principles of the concept of the new pension reform, where the
representatives of the Minsotsrazvitiye of the RF, the trade unions, employers, experts, and the scientific community took part.  

- 15 July 2011: The public hearings were conducted in the Public Chamber of the Russian Federation. They were organized by the working group on standards and the expert council under the Public Council on Investment of the Pension Savings, jointly with the Federation of the Independent Trade Unions of the Russian Federation under the support of the Ministry of Economic Development of the Russian Federation (Economy Ministry of Russia). In the meeting devoted to the important problems of the pension reform at the modern stage representatives of the federal government bodies; deputies of the State Duma; representatives of the professional market, public, and scientific organizations too part.  

External stakeholders are not represented on management bodies of the social EBFs. On the board of the Pension Fund of the Russian Federation only civil servants are represented. The central apparatus and management board of the Social Security Fund of the Russian Federation are also represented solely by civil servants. The structure of the Federal Fund of Compulsory Medical Insurance does not include any independent specialists either; only the servants are represented.  

With regard to the state corporations, external stakeholders are represented in their management bodies:  

- Bank for Development and Foreign Economic Affairs – Vnesheconombank – on the supervisory council;  
- Foundation for the Reform of Housing and Communal Services – on the supervisory council and;  
- Russian Technologies (Rostechnologii) on the supervisory council and;  

The State Atomic Energy Corporation – ROSATOM – on the supervisory council, on the public council, and on the council on the increase of the activities transparency. The Public Council of the State Corporation “Rosatom” is established in order to attract non-governmental organizations to the development of policy in the areas of use of atomic energy, defense of the environment, and nuclear and radiation security. Its main purposes are to increase of awareness of the public on the main activities of the Rosatom; to attract the civil society institutions to the policy development in the field; to organize an exchange of opinions between academicians, specialists, representatives of the government  

31 See http://npf.investfunds.ru/news/21201  
32 See http://www.veb.ru/about/officials/nabl/  
33 See http://www.fondgkh.ru/about/head/index.html  
34 See http://rostec.ru/about/board  
36 See http://www.osatom.ru/
bodies, representatives of the public and environmental organizations, and unions on issues of public concern in the area of nuclear energy; and the State Corporation for Construction of Olympic Venues and Sochi Development as Alpine Resort (Olymstroy) on the supervisory council.37

The observatory council implements the following functions:

- It defines the main directions of Vnesheconombank, based on the memorandum approved by the government of the Russian Federation.
- It approves the provisions on management bodies of Vnesheconombank.
- It approves the provisions on branches and representative offices of Vnesheconombank.
- It approves the annual report of Vnesheconombank.
- It approves the financial plan of the revenues and expenditures (budget) and the order of formation of reserves and funds of Vnesheconombank.
- It makes decisions on establishing branches and opening the representative offices and on setting up the corporate bodies.
- It approves the auditing organization, chosen on the competitive basis, for conducting the annual compulsory audit of the accounting of Vnesheconombank.
- It hears the reports of the chair of Vnesheconombank on issues of the activity of Vnesheconombank.
- It makes decisions on the appointment of the head of the internal control service of Vnesheconombank and on early termination of his powers.
- It makes decisions on setting bonds by Vnesheconombank and defines the order of their setting, according to legislation of the Russian Federation.
- It specifies parameters of the investment and financial activity of Vnesheconombank, within the powers given by the memorandum.
- It makes decisions on endorsement of the purchase or sale by Vnesheconombank of property, when that cost is 10 percent or more of the size of equity (capital) of Vnesheconombank for the reporting date prior to the date of the decision.38

There is not enough information on the use by the public of published materials on the functioning of the EBFs for us to draw any strong conclusions concerning public involvement. We do not suggest, however, that there is no public participation, for it is possible.

Overall, the lowest level of transparency for the social EBFs of the Russian Federation is in the practice of public participation in discussion of their activity. Other examined aspects comply with the requirements for transparency and accountability. The state corporations’ activities deserve a much

37 See http://www.sc-os.ru/ru/about/observation
38 See http://www.veb.ru/about/officials/nabl/#209
lower score in terms of their efficiency and accountability to the government bodies. Although published information complies with the Russian legislation and formally meets the requirements of transparency, it is evidently not sufficient for the assessment of their activities, or to ensure financial accountability to the public.

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