

Chapter 2



Local Government in Belarus

by

Miroslav Kobasa

Alexander Karamyshev

&

Valentin Dritz

Developing New Rules in the Old Environment

Local Government in Belarus

Contents

| | | |
|-----|---|----|
| 1. | Major General Indicators | 49 |
| 2. | Legal and Constitutional Basis | 50 |
| 3. | Local Politics, Decision Making | 57 |
| 3.1 | Public Participation in Decision Making | 57 |
| 3.2 | Citizen Legislative Initiatives | 63 |
| 3.3 | Other Forms of Public Participation | 63 |
| 3.4 | Internal Structure of Local Government Decision Making | 64 |
| 3.5 | System of Local Elections | 65 |
| 3.6 | Local Government Associations | 70 |
| 4. | Functional Structure of Local Government | 70 |
| 4.1 | Local Councils | 70 |
| 4.2 | Local Executive Bodies | 71 |
| 4.3 | Local Government Functions | 75 |
| 4.4 | Control, Audit and Supervision of Local Governments | 77 |
| 5. | Public Service Provision | 79 |
| 6. | Local Finance, Local Property | 81 |
| 6.1 | Budget System | 81 |
| 6.2 | Revenues | 83 |
| 6.3 | Expenditures | 84 |
| 6.4 | Budget Process | 85 |
| 6.5 | Local Taxes | 86 |
| 6.6 | Local Economy, Local Property | 87 |
| 7. | Relationship between the State Administration and Local Governments | 90 |
| 8. | Local Government Employees | 92 |

9. Legal Guarantees for Local Autonomy 95

10. Next Steps in the Transition Process 96

Recent Publications on Local Government in Belarus 97

Contacts for Further Information on Local Government in Belarus 98

Annex 2.1: Major General Indicators 99

Annex 2.2: Population, Settlements and Administrative Units 100

Annex 2.3: Major Laws on Public Administration and Local Government 105

Annex 2.4: Responsibilities of Administrative Tiers 106

Local Government in Belarus

Miroslav Kobasa, Alexander Karamyshev & Valentin Dritz

1. Major General Indicators

The Republic of Belarus is a young state, created after the collapse of the Soviet Union. Its declaration of state sovereignty was adopted by the Parliament in 1990, followed by the passage of the Constitution in March 1994. According to the Constitution, Belarus is a sovereign democratic social state in which the rule of law prevails. The Constitution establishes the separation of powers and the institution of the presidency as both head of state and the head of executive power in the country. Between 1995 and 1996, the republic experienced a period of political crisis, manifested in the confrontation between the president and Parliament. In November 1996, President A. Lukashenko initiated a national referendum in support of his policies, as a result of which a new version of the Constitution was adopted, stipulating a bicameral Parliament, the National Assembly of the Republic of Belarus. While the president is no longer the head of executive power under the amended Constitution, he nonetheless retains all of his previous powers in fact, as well as acquiring the right to issue decrees which have the force of law.

Geographically, Belarus is located in the heart of Europe, between Poland and Russia, and is traversed by major East-West transportation routes. This is not, however, reflected in the degree to which the state is included in European coordination and integration processes. The primary goal of national foreign policy is the development of a united state of Belarus and Russia, pursuant to a declaration issued on 25 December 1998. This is considered to be instrumental in resolving economic issues as well as strengthening Belarus's tottering position on the international stage, in light of existing instances of authoritarianism and human rights violations.

Currently, the republic is undergoing a difficult economic situation. The standard of living is low and expected to decline further. Belarus has rejected economic liberalization, instead pursuing a policy of market socialism, based on strong government intervention and the domination of public property in the industrial and agricultural sectors. Private ownership of land is permitted to a limited extent, for individuals only. Commercial organizations wishing to purchase land are dealt with on a case-by-case basis, usually requiring the president's permission.

These economic problems are exacerbated by Belarus's heavy exposure to the effects of Chernobyl, with over twenty percent of its area subjected to radioactive pollution.

Public administration in Belarus is divided into four types of administrative-territorial unit, including the central government; regions and districts; large and medium cities; and villages, townships and small towns. Many local communities lack independent status, elected bodies or a local budget. Even where local elected bodies exist, their independence and real impact in resolving local issues are usually of a token nature, as is the involvement of local residents themselves. The administrative apparatus dominates the political landscape and is created by the central government according to a strict hierarchy. The president directly appoints the heads of regional executive committees and approves the appointment of heads of district executive committees. Local executive bodies are not accountable to either the local representative branch or local citizens.

2. Legal and Constitutional Basis

An appropriate beginning for a discussion of territorial government in Belarus is the passage of the Law on General Principles of Local Self-government and Local Economy in the Soviet Union in April 1990, when Belarus still formed part of the Soviet Union. It should be noted that this law was relatively progressive for its time, containing noticeable influences from the 1985 European Charter on Local Self-government. The law reflected the idea of subsidiarity in the distribution of functions among bodies of different levels, determined principles of financial self-sufficiency, established judicial protection of the rights of self-government and envisaged the creation of real opportunities for citizen participation in government. Significantly, the law did not describe local governments as organs of state authority, but rather as those of the territorial communities themselves.

The Law on Local Self-government and Local Economy in Belarus (hereafter referred to as the Law on Local Self-government) followed in February 1991. It declared the principles of citizen participation, social justice, the protection of the rights and legitimate interests of citizens, the independence of local self-governments within their areas of competence and the division of functions between representative, executive and judicial authorities. Local self-government was defined by the law as the independent resolution of social, economic, political and cultural issues of local importance either directly or through elected government and public bodies, based on legislation, in the interests of the given population and with due consideration of specific local conditions.

However, the actual situation did not correspond with the principles stated above. In Belarus, both the authorities and social institutions were unprepared for developing efficient legislation on local self-government. Neither the social nor the political nature of self-government had yet been internalized by the authorities. Instead, it was decided to make superficial modifications to the previous system, which was inclined toward centralism. Local citizens continued to be viewed simply as “the population,” rather than local communities with autonomous interests who were acknowledged as legal subjects. While the law established forms of direct democracy such as local referenda and citizen assemblies, no appropriate conditions and guarantees for their realization were created. Local governments were still viewed as state bodies, and no judicial procedures were stipulated for the settlement of disputes.

This model, which was perceived as self-government by the authorities in Belarus, was introduced in all political units existing at that time: village, towns, cities, districts and regions. Meanwhile, these units were divided into three tiers, municipal, district and regional. The first tier of local government, or municipal level, includes villages, towns, cities and city districts. The second tier, or district level, includes districts and cities divided into city districts, while the third tier, or regional level, is composed of regions and Minsk, the capital city. The Minsk city government has been assigned the role of coordinator between the councils and executive committees located in its nine city districts. The law also allowed the opportunity for some territorial units to be accorded special status by a specific law; this provision was primarily intended for the capital city.

By 1993, the law had returned to the former terminology with regard to cities. The distinction between cities of district and regional subordination was reapplied, principally because local budgets had to a large extent remained dependent on the redistribution of funds from higher-level budgets.

The law did not delineate specific mandates for governments of different levels, focusing more on rights common to all local governments, in terms of adopting plans and programs for territorial development, adopting local budgets and administering local property or natural resources. Other laws regulating government in various areas have also failed to do so.

The distribution of authorities among the three tiers of local government was clarified to some extent after a government resolution issued on 12 August 1991. This resolution generally defined local property assets, which were then redistributed by regional councils among the different levels of government. For instance, the following assets were assigned to the ownership of regional governments: health care institutions, such as regional clinics, maternity hospitals and TB clinics; cultural facilities, such as regional scientific and cultural centers, regional libraries, historical and cultural monuments, drama theaters and music colleges; and educational facilities, such as regional teacher training institutes and centers for vocational training. In some cases, city and district organizations providing fuel were also designated as regional property. District property was defined as follows: health care institutions, such as district and city clinics and polyclinics; cultural facilities, such as clubs, libraries, local museums, music and art schools for children, parks, pre-school facilities, schools, retail outlets and public catering facilities; and district and city organizations providing public utilities, water and sewage.

With regard to the democratic aspects of government, the law introduced the concept of a “system of local self-governance.” This system included local councils, organizations of community self-government established in neighborhoods, housing blocks and villages as well as forms of direct democracy, such as local referenda and citizen assemblies.

In June 1991, the Law on Referenda in the Republic of Belarus was adopted. Referenda may be held to enable citizens to decide upon important issues of public government or to determine public opinion on a given issue. Referenda may be initiated by five percent of all local citizens or one-third of all local council members, and are held by local council resolution. The Law on Referenda also specifies issues not subject to referendum; these include emergency measures for the protection of

public order, taxes and the appointment or dismissal of council-appointed officials. Currently, the Election Code of 11 February 2000 regulates issues related to local referenda.

The Law on Local Self-government was intended to strengthen the role of the representative bodies, local councils, which it defined as the key element in the system of local self-government. Under socialism, virtually all power had been concentrated in the hands of the executive bodies, which were creatures of the Communist Party rather than the local councils. The new law expanded the list of issues designated to the sole authority of local councils and excluded them from the competence of the local administration. This list included adopting plans and programs for local social and economic development, approving the local budget and reports on its implementation, establishing procedures for property management, setting local taxes and creating an organizational structure for administering the territories. For the first time, the law granted local councils exclusive competence over issues related to utilizing land and other natural assets, creating enterprises and appointing their managers, issuing local bonds and conducting auctions.

Rights and guarantees for local council members in the performance of their duties were addressed by the Law on the Status of Local Council Members, passed on 27 March 1992. Although a special section of the law was dedicated to the implementation of voters' demands, this section was removed in March 1996.

The Law on Local Self-government created certain economic preconditions for the functioning of local self-government. Following the Law on Property, adopted in 1990, this law defined local property assets as the following: local budget funds; housing stock and infrastructure; industrial, construction, transport and other enterprises; health and cultural facilities; and other property. Land and other natural resources were not assigned to the ownership of local governments, but instead remained national public property.

The Law on Local Self-government also introduced the term "local economy," which included local government owned enterprises and other entities addressing the needs of the local population. Relations between local self-governments and non-governmental entities engaged in public service delivery were based on contracts, primarily utilizing incentives such as tax privileges or preferential rights for the use of local natural resources.

In the budgetary sphere, the Law on Local Self-government proclaimed the independence of local bodies in drafting and approving local budgets and in determining areas of expenditure and standards for budgetary allotments. Higher-level bodies were specifically banned from interfering in the process of drafting or approval.

Local budgets were assigned a number of revenue sources, including personal income tax, local taxes and duties, profit tax on local government enterprises and payments from them for the use of natural resources. However, local councils could establish rates only for local taxes and duties and the profit tax for local government enterprises. Rates for all other taxes were established by law.

The most significant local revenues came from the share of national taxes, such as the profit tax or tax on turnover, which were allocated to local budgets according to long-term standards. The percentage of these deductions was to be defined by higher-level councils.

When formulating local budgets, legally established per capita budgetary standards and other social standards had to be considered. In order to meet these standards, it was expected that subsidies would be allocated from the national budget.

The Law on Local Self-government prohibited the withdrawal of any budget surplus, while also stipulating that local governments be compensated by higher-level budgets for any expenditures incurred by acts of the higher-level government. The Law on the Budget System, adopted on 4 June 1993, confirmed the autonomy of local budgets. However, the subsequent Law on the Budget System and State Extra-budgetary Funds, adopted 15 July 1998, notably strengthened centralizing tendencies in regulating budgets.

Certain additional rights were also stipulated for local governments. For instance, local council consent was required for the placement of industrial or other facilities within their territory, the use of local natural resources or changes to territorial boundaries. Local councils are also entitled to demand inspections of facilities and technologies for environmental purposes, to establish standards for environmental safety and to suspend or terminate the operation of enterprises which pollute the environment. The law also stipulated sanctions for the failure to carry out decisions of local self-government bodies or local referenda.

Thus, the 1991 law contained a significant number of progressive articles. Based on these provisions, however, authorities in Belarus did not manage to develop an effective system of local self-government. Instead, many features of the previous centralized system remained intact. Functions were not clearly distributed among levels of government according to the principle of subsidiarity; the law did not specify which level of government was directly responsible for functions such as secondary education, specialized medical service, operation of cultural facilities and local transport. Nor was this issue addressed in specific legislation, which listed mandates and powers in general terms without indicating particular levels of government.

Thus, overlapping areas of competence remained from the previous system, in which higher-level bodies controlled the lower-level ones and took responsibility for the results of their work. Even after the adoption of the Law on Self-government, local bodies did not achieve real independence, since higher-level bodies retained the overwhelmingly important functions of control and resource distribution.

It must be underscored that the conceptual basis of this law was far from the conventional notion of self-government as the autonomous functioning of public legal corporations and citizen associations within a legal framework. Local communities did not gain all of the necessary attributes to become full-fledged legal subjects, such as the right to judicial protection against illegal actions by government bodies. Terms commonly used in many states, such as “community,” “municipality” and “local

inhabitants,” were not specified in the Law on Local Self-government at all. On the contrary, local elected bodies were still defined as organs of state authority. Local property also retained the status of state property and so could be confiscated by an administrative decision and redistributed by higher-level authorities at any time. Many examples of this have in fact occurred.

In March 1994, Parliament adopted the Constitution, which was approved by national referendum in November 1996. The Constitution proclaimed the separation of powers, not only for the highest government bodies but also for local representative and executive bodies. Section 5 on local government and self-governance specifically addresses this issue. However, the Constitution failed to provide a clear description of the new model, defining only some of its features. According to the Constitution, citizens exercise their right to local government and self-government through local councils, executive bodies, organizations of community self-government, local referenda, meetings and other forms of direct participation in public affairs. The section also establishes a four-year term of office for local councils and the list of issues belonging to the exclusive competence of local councils, such as adopting plans and development programs, approving budgets, establishing procedures for managing local property, establishing local taxes and duties and organizing local referenda.

The Constitution stipulates the right of higher-level councils to abolish any decisions of lower-level councils which do not comply with legislation. The head of state also possesses the authority to suspend illegal decisions by local councils. Decisions made by executive authorities which contradict existing legislation may be abolished by the local council, a higher-level executive body or the president. Furthermore, a local council may be dissolved before the end of its term on grounds of their brazen or systematic violation of legislation. Previously, Parliament was accorded the right to decide upon dissolving a local council, but that right has since been granted to its upper house, the Council of the Republic.

In addition to the official draft of Section 5 passed in 1994, independent experts from the Lyva Sapieha Democratic Reform Support Foundation prepared an alternate version and submitted it to Parliament. This draft more clearly defined the nature of self-government as an independent component in the system of public power, making maximum use of the European Charter on Local Self-government. Drawing on the implementation of the 1991 Law on Local Self-government, these experts have also prepared a concept paper on local government reform and a package of draft laws. However, these proposals have yet to be noticed by the governing authorities.

Following the passage of the Constitution, two amended editions of the Law on Local Self-government were adopted, most recently on 10 January 2000. The current version of the law is entitled the Law on Local Government and Self-governance (hereafter referred to as the Law on Local Government). This version contains no significant changes compared to the previous versions and is fully in line with the government’s policies towards the bureaucratization and centralization of local government. Changes primarily concerned the relations between local representative and executive bodies. Executive committees lost their former status as bodies of self-government, instead becoming a component in the system of the executive power and defined as the “local government.” Local government bodies

are required by law to act primarily in the interest of the state when resolving local issues. As mentioned in the Law on the Cabinet of Ministers, the government has the power to control these local government bodies. Thus, the principle of autonomy is no longer extended to executive bodies, which are now commonly referred to as the “presidential vertical.” This term, although not entirely correct from an administrative and legal point of view, reflects the true role of these bodies in the state mechanism.

The system of local government bodies consists of regional, district, city, town and village executive committees and city district administrations. The Law on Local Government stipulates centralized procedures for forming executive committees and appointing their chairmen, and assigns them the more powerful role in governing local territories.

The system of local self-government includes local councils and organizations of community self-government (councils and committees formed by neighborhoods, housing blocks, streets and villages, among others), local referenda, meetings and other forms of direct democracy.

To date, the Law on Local Government has still not resolved the distribution of functions among bodies of different levels. Given the openly interventionist policy of the state at the local level over the last five years, any need for such a separation is moot.

A characteristic example of strengthened centralization is the Law on the Budget System and State Extra-budgetary Funds. As opposed to the previous Law on the Budget System, it draws upon the concepts of “lower-level,” “higher-level” and “consolidated” budgets. For instance, regional councils define the maximum amount of deficit for the consolidated district budgets, which combine district budgets with those of first-tier local governments. The annual Law on the State Budget defines this upper limit for consolidated regional budgets, while district councils define the maximum deficit for local budgets in villages, towns and cities of district subordination.

Within the generally centralized approach, Belarus has developed a specific mechanism for regulating political territorial organization. Already in 1994, Parliament amended the Law on Local Self-government, abolishing self-government at the first tier of local government, in towns, villages and cities of the district subordination. Immediately after its adoption, the Constitutional Court pronounced this measure to be unconstitutional. Presidential Decree No. 434, issued on 20 October 1995, stripped over eighty inhabited localities, mainly district centers, of their right to elect their own local self-governments and have their own budget. Instead, they are governed by the district administration. This is also the case with some regional cities. This measure ran counter to constitutional requirements for elected councils in all administrative-territorial units. In June 1996, the Presidium of the Parliament reviewed the issue of merging councils in the Brest region. It is notable that, out of eleven cases, only three gained approval for the merger from district and city councils.

The Law on the Administrative-territorial Division and Procedures for Resolving Issues of the Administrative-territorial Organization of the Republic of Belarus, adopted 5 May 1998, refers to

“administrative-territorial units” that have local councils, their own budget, et cetera. These include regions, districts, villages, cities and towns. City districts are not distinguished as independent administrative-territorial units, as they do not elect councils or possess a budget; however, the city executive committee establishes a “local administration,” whose competence is defined by the Law on Local Government. “Territorial units” represent a third category, comprised of territories operating under a special regime, such as reserves, national parks and other natural assets, or inhabited localities where subdivisions of the higher-level local government function instead of local councils or local executive and administrative bodies. Cities of regional or district subordination and towns may have the status of either an administrative-territorial or territorial unit.

The Law on Local Government provides general economic and social criteria for the towns and cities of regional or district subordination. A city of regional subordination is defined as an inhabited locality with a population greater than fifty thousand inhabitants which is also an administrative, economic and cultural center with a developed industrial and social infrastructure. A city of district subordination is an inhabited locality with a population of over six thousand inhabitants which has industrial enterprises and a network of social, cultural and service facilities. A town is a settlement with a population of at least two thousand people which has industrial and communal enterprises, social and cultural facilities, retail trading outlets, public catering and public service facilities.

Restrictions have been introduced on the rights of lower-level territorial entities that contradict the constitutional principle of authority vested in the people. Furthermore, the Constitution regulates the territorial organization of the state in a sufficiently strict manner. Cities may have the status of an administrative-territorial unit only; hence, they have the right to an elected council. This also relates to the towns and villages which, according to the Constitution, have the status of an administrative-territorial unit.

In July 2000, a special law was passed to address the status of the capital city, Minsk, which is referred to as the administrative, political, economic and cultural center of the state. City authorities are enjoined to ensure appropriate conditions for activities of the highest state bodies and national and international events. The law establishes a number of guarantees for the city to function as capital, including the allocation of appropriate funds from the national budget and the protection of investments in the capital by the national government. City authorities have been granted the right to establish special procedures for entry, the registration of citizens, traffic and other issues. The head of the city executive committee is a member of the national government. Finally, the city may have its own charter, a right that is not enjoyed by other administrative-territorial units.

Analysis of national legislation and its implementation leads to the unequivocal conclusion that true local self-government in Belarus is absent. Moreover, the ten years that have passed since the adoption of the Law on Local Self-government have been characterized by pronounced anti-reform tendencies.

3. Local Politics, Decision Making

3.1 Public Participation in Decision Making

Under socialism, official ideology placed great emphasis on creating a democratic image of local government as an element of the “socialist self-government of the people.” Even local soviets were described as mass organizations of the working people. In addition, various public bodies were established within the framework of the party’s ideological influence and control. These included women’s councils, councils of war and labor veterans, public commissions attached to the local authorities, comrade courts, voluntary people’s brigades and residential organizations, such as house or street committees. These organizations assisted in maintaining public order, were indirectly involved in the distribution of material comfort, such as housing for the needy, or engaged in other activities, primarily educational.

Citizens were given the right to file suggestions or complaints with various state bodies, mainly at the local level. These government bodies were obliged to review the appeals and respond within one month.

Voter appeals to candidates seeking local council seats provided a channel of communication between the population and local authorities. As a rule, these related to specific issues that required solution, such as constructing schools, maintaining streets and repairing houses. Council sessions approved plans for implementing the appeals and exercised due control. This mechanism was in effect until 1996.

As already noted, the system of the local self-government introduced by the Law on Local Government included several forms of public activity, in addition to government bodies. Citizen participation was promoted by involving existing entities as well as by creating new ones. In practice, Belarus has numerous forms of community self-government, such as committees established in neighborhoods, village committees, street and house committees, elders in the rural localities and even elders in apartment blocks. More details on the types and regional distribution of public organizations of self-government are presented in table 2.1.

The Law on Local Government stipulates procedures for the establishment and activities of community organizations of self-government in city neighborhoods and villages. These bodies are elected by assemblies of residents, which also approve the organizational charters to be registered with the local executive committee. Major provisions to be included in the charters are specified by the Law on the Local Government, primarily relating to their mandates, their territorial jurisdiction and participation by residents in the organization’s activities. The term of office for these community organizations should not exceed that of the local council. Community organizations have the right to submit proposals on all activities by local authorities and participate in the subsequent discussion of those issues.

Table 2.1
Community Organizations of Self-government by Region

| | Public Self-government Committees | Village Committees | Street or Housing Block Committees | Elders | Village Councils and Commissions | Others (Village Community Council, Neighborhood Council, Apartment Block Elders) | Total Number of Organizations/Membership |
|-----------------|-----------------------------------|--------------------|------------------------------------|--------|----------------------------------|--|--|
| Brest oblast | 9 | 1,276 | 1,812 | 1,802 | 2 | 18 | 4,919/ 13,822 |
| Vitebsk oblast | 1 | 1,177 | 1,101 | 3,299 | 6 | — | 5,584/ 10,784 |
| Gomel oblast | 318 | 922 | 1,992 | 164 | 235 | — | 3,701/ 15,423 |
| Grodno oblast | 417 | 1,208 | 963 | 1,087 | 250 | 191 | 4,116/ 12,893 |
| Minsk oblast | 456 | 1,379 | 757 | 1,170 | 141 | 662 | 4,565/ 15,368 |
| Mogiliov oblast | 45 | 1,051 | 672 | 187 | 301 | 7 | 2,263/ 8,318 |
| City of Minsk | 53 | — | 1,852 | — | — | — | 2,603/ n/a |
| Total | 1,299 | 7,083 | 9,149 | 7,709 | 935 | 878 | 27,053/ 79,211 |

In theory, councils may delegate some of their functions to community organizations, such as the right to lease non-residential premises and the use and repair of local housing stock. However, as demonstrated by experience, local councils and executive committees would never assign these institutions the right to independently resolve any issue on behalf of the local government. In general, these organizations play some role in local government decision-making, for example, through performing a preliminary review of the allotment of land, projected construction, the lease of premises or the allocation of retail kiosks. In some instances, these organizations may assign the location for parking lots, public transport stops and subways. They may also manage social and cultural facilities, sports fields or historical and cultural monuments. The role of community organizations has not been expanded further, due to their own lack of professionally trained staff and shortage of funds as well as conservatism among local government bodies.

The sources of funding for community self-government organizations, as envisaged by the Law on Local Government, mainly consist of voluntary contributions and revenues from events as well as the allocation of budgetary funds. The latter has become their main source of funding. In practice, a limited amount of resources are issued to lower-level government bodies, such as city district administrations in Minsk, and are subsequently allocated for specific events planned by community organizations, in proportion to the size of the population. Legal mechanisms for distributing resources and settling disputes have not yet been developed.

Under the centralized system of government which prevails in Belarus, there are no objective preconditions for the development of public initiative and the actual participation of citizens in local governance.

According to the Law on Local Government, citizen assemblies have the right to decide upon key issues of local importance and submit proposals for review by local government bodies. The Law on National and Local Assemblies, adopted 12 July 2000, addresses this issue in more detail. A citizen assembly may be convened at the initiative of local councils, local executive committees, local administrations, community organizations and citizens. An assembly is duly constituted if it is attended by at least twenty-five percent of all local inhabitants over eighteen years of age or at least two-thirds of their authorized representatives. Representatives from state bodies, enterprises, organizations and agencies may participate, but do not possess voting rights.

Participants in the assembly may discuss issues of national and local importance, make recommendations, establish and dissolve community organizations of self-government, participate in the preliminary discussion and drafting of local government decisions on key issues of state and social life and assess local self-government activities.

According to the Constitution, democracy in Belarus is based on a variety of political institutions, ideologies and opinions. Political parties and other public associations express the political will of citizens and have the right to participate in elections. The legal basis for political party activity was specified in the Law on the Political Parties, passed 5 October 1994. However, political parties and national democratic movements had begun to establish themselves in Belarus very early in 1990 and were widely represented, not only in Parliament, but also in local governments, particularly in the capital and some regional centers. They were active even under the majority voting system, since a significant number of citizens had invested their hopes in these democratic organizations when overturning the rule of the Communist Party. Local councils would often have party factions, usually the Belarus Popular Front, which were actively involved in resolving important local issues. The practice of establishing various member groups within the councils was also widespread. The sheer size of local councils at that period of time contributed greatly to this situation: Minsk council, for instance, had 203 members from 1990 to 1995.

Of the eighteen political parties which were formerly registered in Belarus, the largest are:

- the Communist Party of Belarus;
- the Party of Belarussian Communists;

- the Belarus National Front;
- the United Civil Party;
- the Belarus Social-Democratic Party (Narodna Gromada);
- the Women's Party "Nadezhda" (Hope);
- the Liberal Democratic Party of Belarus.

These parties have offices at the regional and local levels. Today, they all more or less overtly form the opposition to the ruling power.

Currently, political parties have no real impact upon local government activities and do not participate in the political process at the local level. This is due to the low profile role that self-government plays in the modern social, political and economic system as well as the system of public authority in Belarus. Most parties did not participate in most recent elections to the local councils, in April 1999. Therefore, only three percent of elected council members represent specific political parties; these parties are generally either loyal to the central authority or classify themselves as "constructive" opposition. For instance, according to its secretariat, the Party of Belarussian Communists is represented by 142 council members, twelve district council chairmen and party factions operating in twelve councils.

The Law on Public Associations, which took effect in October 1994, regulates the activities of non-governmental organizations (NGOs). According to this law, international, national and local associations may be created in Belarus. However, it must be noted that after the compulsory re-registration of all NGOs in 1999, their number was reduced by half. Approximately 1,000 associations did not apply to the Ministry of Justice for registration. Re-registration was conducted based on the findings of a special commission established by the president and comprised of representatives from various government agencies, including the Security Council and the State Security Committee. Registration was denied to 218 associations. In reality, the course pursued by the authorities was designed to terminate the activity of organizations considered "disloyal."

After assessing the role of NGOs and various interest groups in local politics, it must be acknowledged that it is very limited. Entrepreneurial associations have a somewhat higher profile and engage in activities to protest against specific restrictive practices. These typically take the form of strikes or the temporary closure of retail outlets.

Although some NGOs are involved in the development of self-government and local democracy, they are very few. The most consistent one in this regard is the Lyva Sapieha Foundation, with branches in each of the regions. For several years, the Lyva Sapieha Foundation has organized regular conferences and seminars on issues of local self-government, attended by international experts. The Lyva Sapieha Foundation has also done much to popularize the European Charter on Local Self-government. However, it does not receive any financial support from national or local governments, nor is it offered cooperation. Local governments usually provide financial support, though in insignificant amounts, to organizations for veterans and the disabled.

Mass public events in Belarus are regulated by the Law on Assemblies, Meetings, Street Processions, Demonstrations and Strikes, passed 30 December 1997. Under this law, organizers of a mass event must file an application with the local executive committee fifteen days prior to the event. The application should include the following data: purpose, type, venue, time frame, expected number of participants, details for the organizers and public order measures. The executive committee chairman or his or her deputy reviews the application within ten days, and may change the venue and time. This decision may be appealed in the court. The executive committee is entitled to prohibit or appoint certain venues for the holding of mass events.

Local authorities very rarely utilize the option of public polls, hearings or examinations. In summary, it would be appropriate to conclude that over the last ten years, no tradition of collective political activity oriented towards constructive dialogue between citizens and government has been formed in Belarus. Evidence for this conclusion is provided in table 2.2.

Table 2.2
Degree of Public Trust in Institutions of Government and Society*

| Government and Social Institutions | Poll Data | | | | | |
|---|-----------|--------|--------|--------|--------|--------|
| | 06/00** | 06/00 | 04/00 | 11/99 | 06/99 | 10/98 |
| Church | -0.420 | +0.289 | +0.298 | +0.267 | +0.267 | +0.329 |
| Army | -0.420 | +0,238 | +0.165 | +0.077 | +0.085 | +0.135 |
| President | -0.784 | +0.094 | +0.064 | +0.076 | +0.162 | +0.258 |
| Non-government research centers | +0.509 | +0.077 | +0.190 | +0.155 | +0.122 | +0.098 |
| Government research centers | -0.547 | +0.076 | -0.003 | -0.042 | +0.027 | *** |
| State-owned media | -0.673 | +0.038 | +0.072 | -0.026 | +0.091 | +0.159 |
| OSCE Advisory and Monitoring Group in Belarus | +0.370 | -0.017 | 0.000 | -0.045 | *** | *** |
| Independent trade unions | +0.113 | -0.074 | -0.055 | -0.091 | -0.181 | -0.126 |
| Non-government media | +0.415 | -0.083 | -0.065 | +0.088 | -0.159 | -0.130 |
| Government trade unions | -0.491 | -0.125 | -0.077 | -0.160 | -0.198 | -0.143 |

Table 2.2 (continued)
Degree of Public Trust in Institutions of Government and Society*

| Government and Social Institutions | Poll Data | | | | | |
|--|-----------|--------|--------|--------|--------|--------|
| | 06/00** | 06/00 | 04/00 | 11/99 | 06/99 | 10/98 |
| Government | -0.653 | -0.145 | -0.172 | -0.124 | -0.044 | +0.038 |
| Central Electoral Commission | -0.725 | -0.160 | -0.092 | -0.110 | -0.098 | *** |
| Entrepreneurial associations | +0.173 | -0.164 | -0.062 | -0.095 | -0.254 | -0.292 |
| KGB | -0.706 | -0.204 | -0.173 | -0.209 | -0.165 | *** |
| Parliament (National Assembly) | -0.765 | -0.239 | -0.207 | -0.215 | -0.184 | -0.077 |
| Parliament (Supreme Council, 13 th convocation) | -0.059 | -0.269 | -0.189 | -0.284 | -0.306 | -0.165 |
| Courts | -0.804 | -0.281 | -0.186 | -0.205 | -0.186 | -0.164 |
| Local governments | -0.647 | -0.296 | -0.310 | -0.286 | -0.221 | -0.131 |
| Police | -0.804 | -0.343 | -0.302 | -0.275 | -0.293 | -0.229 |
| Political parties | +0.037 | -0.361 | -0.315 | -0.350 | -0.409 | -0.320 |

SOURCE: Independent Institute for Socioeconomic and Political Studies

* The degree of trust is measured by the ratio of responses to the number of respondents, where 1 = "trust," -1 = "do not trust" and 0 = "difficult to say." In all cases, approximately 1,500 people were surveyed, with a maximum representation error of less than 0.03.

** The first column features data from a survey of public figures and experts, involving fifty-six people.

*** These institutions were not included in the survey questions.

Local Referenda. The first Law on Referenda in Belarus was passed in 1991. In this law, referenda were conceived as a method of adopting an obligatory decision or consulting public opinion on important issues of local life. Referenda were not deemed to be mandatory for any specific issue. Certain issues were excluded from consideration by referenda; these included emergency measures for protecting public order, taxes, the budget and the appointment of local government officials. The right to conduct referenda was subsequently established in the Constitution. Currently, the Electoral Code regulates referendum procedures, replacing the previous law on referenda. The Electoral Code, however, does not stipulate for a consultative referendum.

Decisions on conducting a referendum fall under the exclusive competence of the local council. The local council may initiate a referendum through a council decision, whereas previously the support of only one-third of local council members was required. An initiative group of at least twenty local members (or as established by law) may initiate a district referendum. The composition of the group and the issue to be considered by referendum are registered with the executive committee, after the court gives its approval. The denial of registration may be appealed in court. Whereas signatures from five percent of the referendum's original supporters were previously required for a court appeal, this requirement has now been increased to ten percent.

Issues of national importance may not be decided by referendum, nor may issues related to the appointment or dismissal of officials within the competence of the local executive committee or its head.

Not one local referendum has been held in Belarus.

3.2 Citizen Legislative Initiatives

The amended Law on Local Government featured a new provision on legislative initiatives by citizens on issues of local importance. However, the law did not stipulate procedures for realizing this form of direct democracy, instead leaving this matter to local councils. Citizens may submit draft decisions to the local council on issues of local importance. These drafts must be reviewed in an open council session with representatives of the population present, and the results of the review are subsequently publicized in the local media.

To date, local councils have not defined procedures for exercising legislative initiatives and no such practices are in place. This situation reflects both conservatism and passivity on the part of local authorities and the lack of capacity among citizens for legislative work. Furthermore, the interventionist approach of the government towards local policies and contradictory legislation also serve as strongly prohibitive factors.

3.3 Other Forms of Public Participation

Other forms of participation in local affairs have also been legally established. For instance, local inhabitants may initiate proceedings to dismiss council members who have failed their trust or discredited their position. A special section of the Electoral Code addresses this issue. Grounds for dismissing council members include the violation of the Constitution or legislation and actions which discredit their dignity and position. To begin the proceedings, an initiative group appeals to the council chairman and requests that a meeting of voters in the particular electoral district be convened to resolve the issue. While citizens may dispute the refusal to convene such a meeting in court, they do not possess the right to convene the meeting independently. Council members are

guaranteed the right to be present and defend themselves at the meeting. In addition, this issue may not be raised more than two times in one year. Other than these, there are no guarantees. To date, no council members have been dismissed in this manner.

It must also be mentioned that the Law on Citizens' Appeals (1996) grants citizens the right to submit proposals to various government bodies. This method of citizen participation is actively in use. In general, however, citizen appeals are more concerned with issues of everyday life, such as the improvement of housing conditions and capital repairs for housing. Topics raised also include the maintenance of parks and recreation facilities, the construction and functioning of mini-markets, et cetera. Since local authorities do not always display an adequate level of understanding for these concerns, citizens often feel that the only way to seek redress is by directly appealing to the president. It should be underscored that the Law on Citizens' Appeals contains practically no procedural provisions. No law on administrative procedures currently exists in Belarus, nor is the adoption of such a law on the agenda.

3.4 Internal Structure of Local Government Decision Making

As mentioned earlier, the system of local government is structured according to the principle of separation of powers between representative and executive bodies. This principle extends to both functional and organizational aspects. Since 1991, however, this principle has undergone a number of transformations. Initially, the law assigned all authorities to the local councils, while designating some as their exclusive right. Executive committees were empowered to independently resolve all other issues within the competence of the local councils, and other bodies created by the councils were prohibited from interfering in their work. Local councils had the authority to abolish the decisions of executive committees if they did not comply with legislation. The only further restraining factor was that executive committees were formed by and politically accountable to local councils.

This system was changed after the adoption of the Constitution, becoming more convoluted. On one hand, the number of powers assigned to the exclusive competence of the councils was greatly reduced. On the other, "all issues of governance" were assigned to the competence of the executive committees. In this context, it was unclear whether executive committees had the authority to adopt local programs and normative acts independently. In practice, this happened frequently, without the formal delegation of rights by the council. Finally, executive committees were created through a centralized process, rather than by the local council.

The law does not currently establish the fundamental principle with regard to the correlation between functions and the distribution of competencies. However, the law has established a technical separation of powers between the local council and the executive committee, together with its chairman. The law prohibits the representative or executive branch of local government from interfering in issues within the competence of the other branch.

Authorities granted to the local council include the following: approving development programs, budgets and local taxes; establishing rules for managing community property; conducting local referenda; resolving territorial issues; issuing local bonds; and some organizational issues. Local council decisions are passed by a majority vote, through secret ballot, open ballot or roll call. A two-thirds majority vote is required for a decision to dissolve the council.

According to law, the council chairman convenes council sessions at his or her initiative or by decision of the presidium, one-third of council members, the head of the executive committee, higher-level councils, the president or ten percent of local residents.

Although common practice dictates that council sessions are conducted openly, the law allows the council to hold a closed session at its discretion. Likewise, the right to hold closed sessions is not restricted by council rules and regulations. Moreover, the right of local residents to attend even open council sessions is limited. They are not guaranteed this right by law, and council rules and regulations usually stipulate that individuals must be invited in order to attend.

The council chairman organizes council activities. This position is distinct from the head of the executive committee, and the two may not be combined. In regional and Minsk councils only, candidates for council chairmen may be nominated by councilors. Other councils must elect a candidate proposed by the chairman of the higher-level council. These procedures were only recently entered into law, in 2000. Council chairmen currently in office were nominated for their positions by council members, according to the previous system.

Unlike many other countries, there is no restriction on council members voting on economic issues that directly or indirectly affect their own interests. Nor are any such provisions included in council rules and regulations.

Council decisions that bear on the rights, freedoms or obligations of citizens enter into force after their official publication.

3.5 System of Local Elections

According to the February 2000 Electoral Code, local council elections are held in single mandate electoral districts, based on universal, equal and direct suffrage through secret ballot. Local council members are elected for a four-year term.

Elections are called by the president no later than four months prior to the date of elections, and held no later than thirty days before the expiration of the current council's term of office. All local council elections are held at the same time. If a local council is dissolved, local elections should be held within one month.

The structure of electoral districts per local council is as follows:

- forty to sixty districts for regional and Minsk councils;
- twenty-five to forty districts for district councils;
- twenty-five to forty districts for local councils in cities of regional subordination;
- fifteen to sixty districts for local councils in cities of district subordination;
- eleven to fifteen districts in town or village councils.

Within the limits specified above, the local council defines the number of electoral districts depending on the size of the population, area and other local conditions. One council member is elected from each electoral district.

Local residents who are citizens of Belarus or Russia over the age of eighteen have the right to elect or be elected to the local council. Elections of council members are free, equal and direct. Although the Constitution establishes that public associations, parties, labor collectives and citizens possess the right to nominate candidates for local council elections, the February 2000 Electoral Code unconstitutionally deprived public associations and citizen assemblies of this right. Just as before, labor collectives of state-owned enterprises, institutions and organizations play the major role in nominating candidates. This method has demonstrably ensured the nomination of candidates who support the official political course.

Elections are recognized as valid with the participation of at least half of all voters. The candidate that collects a simple majority of votes is considered to have won the elections. If there is no clear winner, the two candidates with the highest number of votes participate in a second round of elections, held within two weeks of the first one. These elections are considered to be valid with the participation of at least twenty-five percent of all voters, and the candidate who receives the highest number of votes is declared the winner.

In Belarus, the ability of political parties to participate in elections, including those for local councils, is seriously hindered. In January 1999, the president issued the Decree on Measures to Regulate Activities of Political Parties, Trade Unions and Other Public Associations, which required parties to re-register themselves by 1 July 1999, according to much stricter requirements than the 1994 Law on Political Parties.

Pursuant to the 2000 Electoral Code, only parties registered at least six months prior to elections have the right to nominate candidates. In addition, these political parties must have established a local branch in the given area at least six months before elections are called, also registered with the Ministry of Justice. Table 2.3 reflects the election results.

Table 2.3 does not provide data on the number of members representing political parties. Apparently, these statistics were not collected, as party participation in the councils is of no interest to central authorities.

Table 2.3
Local Election Results for the 23rd Convocation (4–16 April 1999)

| | Councils | | | | | | | | | | Total | Total [%] |
|---------------------------------------|--------------------|-----------|----------------------------------|----------------------------------|-----------|----------|--|--|--|--|--------|-----------|
| | Regional and Minsk | Districts | Cities of Regional Subordination | Cities of District Subordination | Townships | Villages | | | | | | |
| 1. Number of councils | 7 | 117 | 25 | 10 | 80 | 1,455 | | | | | 1,694 | |
| 2. Number of electoral districts | 412 | 4,302 | 881 | 193 | 1,077 | 17,701 | | | | | 24,566 | |
| 3. Elected council members, of which: | 371 | 4,216 | 766 | 172 | 1,031 | 17,502 | | | | | 24,058 | 97.7 |
| Members not previously elected | 262 | 2,622 | 493 | 113 | 580 | 8,548 | | | | | 12,618 | 52.4 |
| Female members | 39 | 792 | 190 | 71 | 389 | 7,346 | | | | | 8,827 | 36.7 |
| Members under thirty years of age | 5 | 116 | 31 | 10 | 38 | 1,046 | | | | | 1,246 | 5.2 |
| Non-partisan | 334 | 3,923 | 681 | 164 | 984 | 17,259 | | | | | 23,345 | 97.0 |
| Industrial sector employees | 92 | 584 | 219 | 51 | 255 | 893 | | | | | 2,094 | 8.7 |
| Managers | 83 | 422 | 121 | 11 | 85 | 303 | | | | | 1,025 | |
| Agricultural sector employees | 57 | 1,477 | 13 | 5 | 203 | 8,376 | | | | | 10,131 | 42.1 |
| Managers | 49 | 1,161 | 9 | 4 | 72 | 1,953 | | | | | 3,248 | |

Table 2.3 (continued)
Local Election Results for the 23rd Convocation (4–16 April 1999)

| | Councils | | | | | | | | | | |
|----|--|-----------|----------------------------------|----------------------------------|-----------|----------|-------|-----------|------|--|--|
| | Regional and Minsk | Districts | Cities of Regional Subordination | Cities of District Subordination | Townships | Villages | Total | Total [%] | | | |
| 3. | Government officials | 78 | 983 | 97 | 18 | 155 | 2,749 | 4,080 | 16.9 | | |
| | Managers | 64 | 761 | 56 | 11 | 79 | 1,349 | 2,320 | | | |
| | Employees in education, academia and culture | 38 | 467 | 156 | 37 | 172 | 2,998 | 3,868 | 16.1 | | |
| | Managers | 31 | 332 | 115 | 16 | 76 | 1,352 | 1,922 | | | |
| | Employees in the health, social protection, commercial and service sectors | 64 | 399 | 143 | 24 | 162 | 1,717 | 2,509 | 10.4 | | |
| 4. | Managers | 53 | 285 | 101 | 10 | 74 | 561 | 1,084 | | | |
| | Unemployed | — | 41 | 10 | 2 | 23 | 392 | 468 | 1.9 | | |
| | Number of electoral districts where elections were disqualified | 28 | 10 | 76 | 7 | 13 | 37 | 171 | 0.7 | | |
| 5. | Number of electoral districts where no elections were held | — | 6 | — | — | — | 4 | 10 | | | |

Table 2.3 (continued)
Local Election Results for the 23rd Convocation (4–16 April 1999)

| | Councils | | | | | | | |
|--|--------------------|-----------|----------------------------------|----------------------------------|-----------|----------|-------|-----------|
| | Regional and Minsk | Districts | Cities of Regional Subordination | Cities of District Subordination | Townships | Villages | Total | Total [%] |
| 6. Number of electoral districts with a maximum of two candidates who failed to collect the required number of votes | 12 | 70 | 39 | 14 | 33 | 158 | 326 | 1.3 |
| 7. Number of electoral districts where elections were declared invalid | 1 | — | — | — | — | — | 1 | |
| 8. Number of local councils where over half of the membership was elected | 7 | 117 | 24 | 10 | 79 | 1,455 | 1,692 | 99.9 |

SOURCE: Central Electoral Commission

There is no change in the ethnic composition of local governments, since Belarus has no administrative-territorial units based on ethnicity. According to the 1999 census, 81.2 percent of the population are Belarussians. The largest ethnic minorities are Russians, who comprise 11.4 percent of the population; Poles, who account for 3.9 percent; and Ukrainians, who make up 2.4 percent. Geographically speaking, Russians are primarily concentrated in major industrial cities, Poles generally reside in the Grodno region and the western districts of the Minsk and Vitebsk regions, while Ukrainians live in major cities and districts bordering Ukraine. In Belarus, 69.8 percent of the population is urban and 30.2 percent is rural.

According to the Constitution, citizens have the right to preserve their ethnic background and may not be forced to disclose it unless they choose to. Thus, statistical data do not usually provide information on the ethnic affiliation of citizens.

3.6 Local Government Associations

Currently, there is no single association of local governments in Belarus, either at the regional or national level. Neither the Constitution nor the law explicitly provides for such an opportunity. During the first years after the adoption of the Law on Local Self-government, attempts were made to create such associations. However, they faced opposition from the central authorities, who used the legislative omission as a pretext. In 1994, there was an initiative to create an Association of Belarussian Cities, which was then denied registration by the Ministry of Justice. The idea of establishing an association of local authorities is currently being discussed, and there is a small possibility that permission for this association will be granted by presidential decree.

4. Functional Structure of Local Government

4.1 Local Councils

Council Presidium. The law stipulates for the establishment of a presidium within regional and district-level councils. Their mission is to organize and convene sessions, to ensure openness, to inform council members and the general public, to coordinate activity by council commissions and member groups and to organize control over the implementation of council decisions. In first-tier local councils, the chairman performs the functions of the presidium.

Council Commissions. Since it is impossible to discuss all issues of local government in council sessions, permanent and temporary council commissions represent an important instrument of council activity. Through these commissions, council members are engaged in decision making, organizing the execution of council decisions and control over the activity of the executive apparatus. The law

stipulates for the creation of council commissions, but does not provide a specific list of commissions to be established. Those matters are independently resolved by the councils themselves. According to the law, commissions are assigned the following major tasks:

- to conduct a preliminary discussion of issues and make recommendations to the council for subsequent decision making;
- to organize implementation of council decisions;
- to exercise control over the execution of council decisions and decisions by higher-level government bodies.

Commissions are not independent bodies administering specific areas or industries; no executive bodies are subordinated to them. They may not be delegated the right to adopt a final decision by the local council. Commissions are both subordinated and accountable to the local council.

The Law on Local Government does not provide for the opportunity to invite individuals outside the council to join council commissions. Since 2000, local councils have been permitted to hire consultants and experts, who then possess a deliberative vote.

The structure of Baranovichi city council, a district-level government, is presented in figure 2A.1.

4.2 Local Executive Bodies

Executive Committee. Executive committees are established in a centralized manner. The heads of regional and Minsk city executive committees are appointed by the president, while the heads of other administrative-territorial units are appointed by the higher-level executive committee. Presidential approval is required for the appointment of heads of district-level executive committees.

By law, the executive committee is composed of deputy heads, an executive officer, the executive committee secretary *ex officio* and committee members. All executive committee members are appointed and dismissed by the head in coordination with the president or the higher-level executive committee.

The executive committee makes decisions within its competence through a simple majority of votes by committee members. Responsibilities of the executive committee include drafting plans and programs for local economic and social development, local budgets and plans for managing community property.

The executive committee is delegated a wide range of organizational and administrative powers. It organizes the collection and utilization of budgetary funds and makes decisions on issuing local securities and conducting auctions. The executive committee manages local property and financial resources; decides upon the establishment, reorganization or closure of community enterprises, agencies and organizations; and concludes leases and other economic agreements with legal entities or individuals.

In accordance with legally established procedures, the executive committee organizes state control over the entire territory for the protection of air quality, water, forests, subsoil assets, animal and plant life, and may suspend economic activities or construction if environmental or other legislation is violated. The executive committee is also enjoined to take measures to ensure and protect the interests of the territory in court and to higher-level government bodies.

The council may assign the executive committee to resolve issues within the council's competence. As needed, but no less than once a year, the executive committee reports on its activities to the council and reports to citizens at labor collective meetings and residential meetings.

Presidential Decree No. 89, passed 27 February 1995, approved the provisional structure for executive committees in regions, Minsk, cities of regional subordination and districts. A sample structure is provided in figure 2A.2, using the Baranovichi executive committee as a model.

Head of the Executive Committee. Heads of executive committees occupy the key position in the system of local government. Before the appropriate modifications were made to the Law on Local Government, their status was governed by the Regulations on the Heads of the Regional, Minsk, District and City Executive Committees, approved by Presidential Decrees Nos. 476 and 105, issued on 20 January 1995 and 18 March 1996, respectively. Heads of regional and Minsk city executive committees are appointed by the president and approved in local council session. Heads of district and city executive committees are appointed by the head of the regional executive committee, and approved by the president and the local council. If the council fails to approve the proposed candidate, another candidate is nominated instead. If the council fails to approve this candidate as well, the president or regional head makes the final decision. The head of the executive committee is appointed for the same term of office as the council.

Heads of the regional-level or district-level executive committee may be dismissed from office by the president or regional head, respectively, in case of legal violations, systematic failure to perform their duties, outrageous abuse of their position or other grounds prescribed by legislation.

Executive committee heads have a broad range of organizational, managing and controlling powers at their disposal. They are responsible for interactions between the executive committee and local council; define the structure and staff of the executive committee, including its secretariat; oversee the management of enterprises, agencies and organizations subordinated to the executive committee; and appoint or discharge their managers. Executive committee heads appoint government representatives to the managing bodies of joint-stock companies or other communally owned economic entities. In addition, heads also manage loans for budgetary expenditures.

Heads of regional and Minsk city executive committees are accountable to the president and the central government, while the heads of district and city executive committees are accountable to the

head of the regional executive committee. On issues related to council activities, they are accountable to the local council.

Local Administration in City Districts. The president abolished city district councils and their executive bodies by Presidential Decree No. 383 on the Reform of Local Government and Self-government Bodies, issued on 19 September 1995. They were replaced by local administrations, which were government bodies of general competence. The same decree also approved the Provisional Regulation on Local Administration. The city executive committee appoints the head of local administration and his or her deputies. All other officials are directly appointed by the head of the city district administration.

The city district administration ensures the execution of all government-related functions in the appropriate territory according to legislation, council decisions and decisions of executive committee commissions.

In many ways, local government follows a hierarchical structure. Local councils are subject to legal control by the president and Parliament, and may be dissolved by parliamentary decision. Higher-level councils coordinate the activities of lower-level councils, regulate their budgets and abolish any of their decisions which contradict legislation.

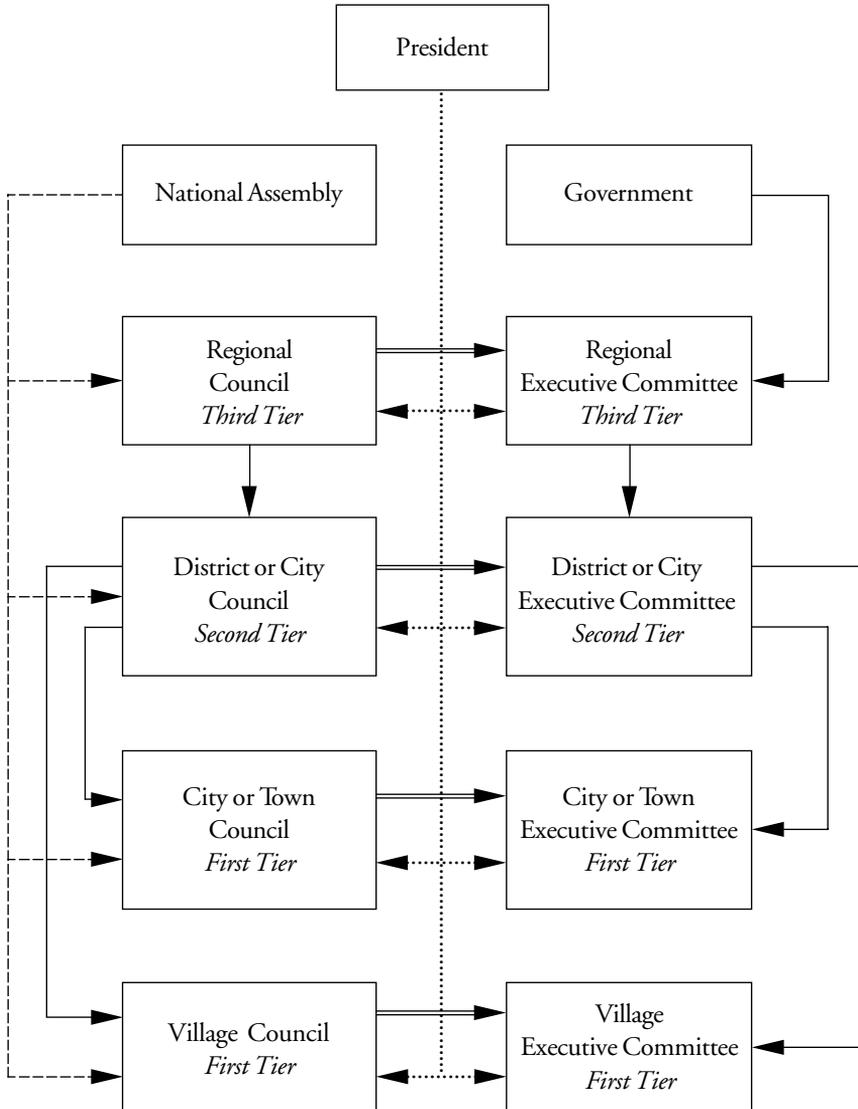
As regards the executive branch, local executive bodies are firmly soldered into the mechanism of state government and are subject to much stronger pressure by the central government and higher levels of local government. Because the central government has the authority to govern local bodies, a solid link has been established between the government and regional executive committees, the nature of which has been shaped by the general emergency regime now prevailing.

In turn, regional bodies may apply different methods of pressure upon lower-level governments. Even though this right is not stipulated in law, little attention is paid to these practices, especially in recent times. Regional committees possess effective leverage through the centralized system of appointing heads of local executive bodies, which ensure their full dependence on higher-level bosses.

Finally, horizontal relations exist between councils and executive committees. The formal approval of local councils is required for the appointment of executive committee heads. Within legally established limits, councils define procedures for managing community property and resolving other issues of local importance for the executive bodies. However, these horizontal links in the structure of local government are insignificant.

Schematically, the functional structure of local government may be represented as follows.

Figure 2.1
Functional Structure of Government in Belarus



4.3 Local Government Functions

The status of local governments as part of public administration manifests itself in the distribution of responsibilities. Since public administration is based on the principle of *ultra vires*, local initiative is restricted. However, some exceptions have been made for regional councils. Apart from their directly established rights, they are permitted to adopt other measures that do not impinge on the independence of other councils.

The Law on Local Government, together with other legislation, regulates the competencies of local authorities, in particular those of the executive bodies. Their powers are regulated by acts of the president, the central government and central agencies and primarily concern the performance of strictly public administration functions, such as registering commercial entities, issuing licenses or carrying out priority national programs (including distribution of food, import substitution and others).

Local governments have a wide range of powers, as follows:

- drafting programs for territorial development, housing, roads, social services and the environment;
- adopting the local budget, local taxes and duties;
- defining the legal regime for local property within legally established limits;
- approving the allocation of enterprises not in local ownership;
- managing and exercising control over the use of land, subsoil assets, forests and other natural resources;
- organizing construction and repairs of housing, public utilities, shops and service facilities;
- providing tax benefits;
- protecting civic rights and freedoms;
- registering acts of civil status;
- calling people or entities to account for administrative infractions.

Local governments in cities, districts and regions are also responsible for supervising local police and fire departments.

In addition to the functions listed above, district-level local governments possess the following responsibilities:

- approving the allocation of mass media and enterprises with foreign capital investment;
- state registration of economic entities and branches of political parties, trade unions and other public associations;
- licensing wholesale trade, with the exception of alcohol and tobacco, pawnshops, casinos and bookmakers;
- allocating or resuming plots of land in areas around cities of district subordination, reserve lands or forests, in coordination with village executive committees; settling land disputes;

- protecting consumer rights;
- ensuring increased volume of industrial and agricultural production, improved quality and competitiveness and the increase in commodity turnover; adopting measures for reducing payment defaults by local economic entities;
- facilitating employment.

Regional governments, particularly regional executive committees, play the dominant role in the system of local government. Although legally speaking, they do not possess administrative control over other local governments, in practice, regional governments issue mandatory instructions and control implementation of all aspects of local government activity at lower levels. In addition, regional governments are assigned the following functions:

- allotting land plots and settling land disputes;
- approving state registration of holding companies, economic associations and others, within the framework of anti-monopoly control;
- ensuring state registration of economic entities and local public associations;
- ensuring balanced local budgets by establishing limits on the permissible level of local deficit;
- submitting proposals to the government on amendments to regional boundaries, on establishing or merging districts and on defining the borders of towns or cities of district subordination;
- regulating pricing within their competence;
- issuing licenses for secondary schools, lyceums and gymnasiums or for wholesale trade in alcohol and tobacco;
- implementing programs and measures designed to overcome the consequences of the Chernobyl accident;
- maintaining regional health facilities, such as clinics, hospitals and dispensaries;
- carrying out state control over the protection of air quality, water, forests, subsoil assets, plant and animal life;
- establishing administrative penalties for the violation of public order, if not otherwise regulated by law.

Regional legislative bodies may also be legally authorized to perform additional government functions.

Local governments have been granted significant rights in the area of environmental protection and control over natural resources. The Law on Local Government stipulates that local council consent is required for the allocation of economic and social facilities, the use of resources on local territory and the resolution of other issues pertaining to economic, social and cultural activities which affect public interests. For instance, the Law on Environmental Protection, passed 26 November 1992, establishes that areas used for waste storage or disposal must be identified by regional councils, with the approval of the lower-level council. According to the Code on Subsoil Assets, local councils decide upon the allocation of land for mining, construction or the utilization of subsoil structures. Similarly, the Water Code establishes that the planned location and construction designs of projects affecting the local water supply must be coordinated with local councils or executive committees.

Local councils also possess the authority to demand or organize additional environmental or other expert assessments of projects and technologies. On 18 June 1993, Belarus adopted the Law on State Expert Environmental Assessment, which defines expert assessment as an essential stage in the process of planning, designing and decision making on national socioeconomic development (article 2). Any project that is subject to expert assessment may not be funded or executed without positive findings.

Local councils may establish exclusive standards of environmental safety in the area, following legally established procedures.

The Law on the Sanitary Epidemiological Well-being of the Population, adopted on 23 November 1993, states that local governments have the right to establish special conditions or regimes for residential or economic activities in order to prevent and eliminate mass disease and contamination. According to this law, local councils may apply economic sanctions for the violation of the environmental safety standards that they have set.

4.4 Control, Audit and Supervision of Local Governments

Internal Control. Local governments directly control and manage a significant number of enterprises and organizations. These include enterprises which provide housing, public utilities, water, sewage, heating and electricity. According to a special law, these services must be provided by enterprises in public ownership, including enterprises in local ownership.

The Law on Local Government has no special provisions on supervising, establishing or electing control bodies, such as an auditing committee or auditor. Instead, these issues are regulated by the general legislative provisions which address the control functions of state bodies. Council commissions ensure control over the implementation of council decisions. Closer operational control over the activities of subordinated organizations is performed by the appropriate sectoral and functional divisions of local government. Furthermore, many central departments have approved guidelines for reviewing and auditing the financial and economic activities of subordinated enterprises. These guidelines also apply to local government enterprises, since they are considered to be subordinate to the ministries. In addition, executive bodies appoint representatives to the managing bodies of joint-stock companies.

State Control. The state primarily controls the legality of local government activities. However, in issues of control over local budgets or state property, the state also considers the appropriateness and efficiency of the use of resources.

A variety of government bodies are charged with exercising control; these include the president, the Council of the Republic, the central government, the state control committee, other central government

bodies, higher-level councils and executive committees, local councils and the office of the prosecutor. Courts may also become involved when reviewing complaints and claims. Any of these bodies, except for the prosecutor's office and courts, may monitor the efficiency and appropriateness of local government decisions at their own initiative. However, these findings have no legal weight unless the council itself decides to revoke the decision or local inhabitants initiate the dissolution of the council. No other entities have the authority to enforce change, unless the decision contradicts legislation. Thus, the government bodies mentioned above generally perform follow-up control and on issues of legality only; that is, they evaluate decisions which are already in effect, quite often ones that have already been implemented.

Preliminary control is ensured through approval by or coordination with higher or lower bodies; this is required when forming the executive committee, appointing heads of departments and divisions or resolving many other issues. Although preliminary control takes legal issues into account, it primarily considers the extent to which the prospective decision meets local needs. For instance, councils must approve the merger of administrative-territorial units and identify suitable locations for waste disposal.

The president, the central government, local councils, executive committees, the prosecutor's office and the courts all exercise general control over compliance with legislation in all areas of activity. Other bodies are engaged in control over specific issues, along sectoral lines. These include the State Control Committee, the Ministry of Finance, the Ministry for State Property Management and other central government bodies. So, for example, the State Control Committee and its regional bodies control not only budget execution and the appropriate and efficient use of national budget funds, but also compliance with legislation on finance and tax relations. In addition, these bodies control the implementation of legislation on the lease and privatization of state property.

Legislation does not determine organizational mechanisms for control over local councils and executive committees, failing to specify which decisions are to be submitted for review, to whom and according to what schedule. Legislation establishes only the general authority of national oversight bodies to request and receive relevant information.

The various oversight bodies have different methods of enforcement at their disposal. The president may abolish an executive committee act or suspend a local council decision, if they violate legislation. Higher-level executive committees also enjoy this right; however, the Cabinet of Ministers and the ministries do not. Local councils have the authority only to abolish executive committee acts if they do not comply with legislation.

The prosecutor may lodge a protest against a council decision or executive committee act. The decision or act is then suspended until its review. While the decision is under review, or if the council dismisses the protest, the prosecutor may appeal to the court and demand that it be declared invalid. For explicit violations of law which may potentially cause significant damage, the prosecutor may issue an order demanding the elimination of the violations. The order is subject to immediate implementation, but may be appealed to the higher-level prosecutor within a period of ten days.

The Ministry of Finance performs integrated audits of the financial departments and divisions of regional and city executive committees at least once every three years. First-tier local government activities are reviewed at least once every two years. This review includes analyses of budget implementation reports, information on transactions between different level budgets and estimated administrative expenditures of local agencies. Special attention is paid to analyzing measures aimed at increasing the efficiency of local enterprises and overcoming losses.

5. Public Service Provision

Local government bodies provide most local public services directly through subordinated enterprises. Only certain services, such as institutions of higher education and medical clinics, are directly controlled by central bodies. Nonetheless, local authorities essentially take direction from higher-level bodies, including the president, the central government and central departments. For instance, the government has issued instructions for an obligatory increase in the volume of services provided by local service enterprises. The Ministry of Economy developed a regulation limiting sales prices and tariffs for public services. Since 1999, these activities must also be licensed by the national Union of Service Enterprises. In addition, the government has recommended that regional executive committees include these organizations in regional property.

The situation is similar for other local services. Almost all of them—health care, housing and public utilities, local transport, social protection, et cetera—are under the control of central departments. Many executive committee divisions or departments are subdivisions of ministries, as well as being subordinated to departments of higher-level executive committees.

First-tier local governments provide a very limited range of services, including pre-school education, primary education, territorial development and a few others. Village councils provide an especially small number of services. Almost all public services are provided at the second tier of local government, in districts and cities. Regional governments control or manage some health, educational and cultural facilities; however, their role in service delivery is generally confined to funding, supervising and controlling the activity of lower-level governments. For instance, regional budgets finance housing and public utility organizations through subsidies for covering losses, funds for student transportation or funds issued for the centralized procurement of coal for heating schools. Regional budget funds are also used for the centralized procurement of ambulances and expensive medical equipment, as well as for expenditures on social welfare and other needs.

Local public service providers function primarily as “unitary” enterprises, which manage property within limits established by the owner, the local government. Their activities largely depend on budgetary subsidies from the national as well as local budgets.

The private sector plays an insignificant role in public service delivery. Belarus has a small number of private pre-schools, while cities possess non-government secondary schools. There are also small

private institutions in health care and a few other fields. All of these operate under the close control of state bodies. For further detail on the distribution of public services, see annex 2.4.

Public service delivery must be conducted with due regard for a law, adopted on 11 November 1999, which defines a minimum level of state-guaranteed social protection to provide for the satisfaction of basic human needs. Requirements are expressed through norms for cash benefits, free and publicly accessible social services and social benefits. The government establishes standards together with national associations of employers and trade unions. There are standards for salaries, pensions, education, health care, culture, housing and public utilities, social support and social services.

Belarus has also adopted the Law on Social Services. These services include the provision of social support; social amenities; medical, psychological, pedagogical and legal services; and financial support. All of these are designed to facilitate the social adaptation of citizens facing difficult life situations. The system of social services is comprised of government bodies, social service centers, hospices, rehabilitation labor workshops and other organizations. Local governments may also contract with private companies to provide social services through issuing tenders.

A common method of control over local government activities targeted at the satisfaction of local needs is competitions. These are organized by regional executive committees to recognize the best work among cultural, health care, housing and communal service institutions of local government. For instance, the activities of local medical institutions, primarily district center hospitals, are evaluated through established indicators. These include payments, food consumption, expenditures per bed per day, expenditures on medicine, sanitary conditions, laundry services, catering, storage of medicines, documentation, patient records for pregnant women, child development histories, records of doctors' calls, records of private doctors' calls, lists of medical procedures, daily work logs of doctors and paramedics, death certificates, patient reception records and cases rejected for hospitalization.

Another example of central influence on the development of services may be found in the housing and public utilities sector. In September 1997, the Ministry of Housing and Public Utilities approved rules for maintenance and territorial development in cities and towns. In compliance with ministry guidelines, city and district executive committees approve lists of streets, squares and driveways to be cleaned by local services on a contractual basis. They also approve urban areas to be cleaned by enterprises, organizations and citizens as well the organizations responsible for sanitary conditions in gardens, parks, subways and construction sites.

Local authorities approve plans for public utilities and territorial development, control their execution, manage subordinated enterprises engaged in providing public utilities and territorial development and take measures to strengthen their material basis. They also ensure the comprehensive development of the public utilities sector within their jurisdiction.

Local governments must ensure the delivery of electricity, water, gas, heating and sewerage for cities and other inhabited localities and supervise the networks or facilities for their provision. Local

executive committees review and comment on plans for the construction of these networks and facilities by the enterprises of higher-level governments. They also control the construction and utilization of water purification facilities. Both representative and executive bodies in cities and districts perform control over the provision of fuel and other public utilities to institutions of education, culture and social welfare, and repair their premises when necessary. Local councils, executive and administrative bodies may hire organizations of different types of ownership or subordination to engage in territorial development activities or the construction of roads.

The production and consumption of services constitutes approximately thirty percent of the aggregated gross product. This area has seen an outflow of labor resources. The state applies a strict pricing policy, and has established a list of services with centrally established prices. These include simple shoe repairs, haircuts, photos for documents and funeral services. Standards of cost-effectiveness have been established for other services, whose prices may be established independently. These include mending clothing, furniture or household equipment; repairing radio and electronic equipment; dry cleaning or laundry; and others.

6. Local Finance, Local Property

6.1 Budget System

The major laws regulating local finance in Belarus are the Law on Local Government, the Law on the Budget System and State Extra-budgetary Funds and the annually adopted Law on the National Budget. These laws define own financial resources of local representative and executive authorities, forms of financial support by higher-level budgets and local government powers and procedures for developing, approving and implementing local budgets and establishing and utilizing extra-budgetary funds.

According to the Law on Local Government, local government finances are composed of budgetary and extra-budgetary funds belonging to local councils or executive committees and their subordinate bodies, as well as funds belonging to community organizations of self-government. To a large extent, these funds determine the capabilities of local governments and their degree of autonomy in resolving the issues assigned to local competence. Extra-budgetary funds are now very limited at the local level; since 1998, all local council extra-budgetary funds have been incorporated into local budgets and have essentially lost their extra-budgetary status.

Under current regulations, each administrative-territorial unit with its own local council possesses its own budget.

The Law on the Budget System establishes a unified budget system, composed of local budgets together with the national budget. This is ensured by a unified legal framework, coordinated

budgetary principles and standardized methods for budgetary classification and reporting. These allow the creation of consolidated budgets within administrative-territorial units. For example, the district budget, together with the local budgets of villages, towns or cities of district subordination located within the district, comprise the consolidated district budget. The regional budget, together with the budgets of its subordinated districts and cities, form the regional consolidated budget. The Minsk city budget is the only exception, since its city districts do not possess separate budgets.

Table 2.4 below illustrates the share of central and local budgets in the consolidated budget.

Table 2.4
Relative Size of Central and Local Expenditures, 1996–1999

| | 1996 | 1997 | 1998 | 1999 |
|--|------|------|-------|-------|
| Central government expenditures as a percent of: | | | | |
| Consolidated budget expenditures | 50.4 | 50.4 | 47.8 | 47.0 |
| GDP | 23.3 | 27.3 | 18.0 | 17.2 |
| Local budget expenditures as a percent of: | | | | |
| Consolidated budget expenditures | 49.6 | 49.6 | 52.2 | 53.0 |
| Central government expenditures | 98.4 | 97.9 | 109.3 | 112.2 |

The data above show that over half of all consolidated budget funds are currently channeled to local budgets, a proportion which has been increasing in recent years. Local budgets play a key role in financing the two sectors, health and education, which are most in need of budgetary funds. In 1999, funding of these areas accounted for forty-three percent of local budget funds and almost eighty-two percent of local budgetary funds within the consolidated budget.

Secondly, the size of transfers from the central government in the form of subsidies and subventions has significantly increased as a proportion of local budget revenues. In 1999, these allocations amounted to almost one-fifth of local government funds. Subsidies account for the bulk of transfers. Since 1997, subsidies have been allocated from a special fund for financial support for administrative-territorial units. This fund is created within the national budget out of revenues from income tax and VAT, according to standards established annually in the Law on the National Budget. In 1997, for example, this fund amounted to 36.7 percent of these two taxes, compared to 35.7 percent in 1998 and 30.0 percent in 1999.

This fund is then redistributed in the form of subsidies to regional-level budgets, including that of Minsk, based on the need to balance the local budget. The size of regional subsidies is also determined in the Law on the National Budget. In 1999, they were established in the following proportions: 15.6 percent for Brest oblast, 17.3 percent for Vitebsk oblast, 16.2 percent for Gomel oblast, 17.3 percent for Grodno oblast, 9.9 percent for Minsk oblast, 17.0 percent for Mogilev oblast and 6.7 percent for the city of Minsk.

Subsidies allocated to regional budgets are subsequently distributed among the lower-level budgets. Since the central budget assumes responsibility for budget deficits of all levels, subsidies designed to balance revenues and expenditures are now used at every level of local government. Quite often, these transfers amount to fifty percent of local finances or more.

In addition to subsidies, targeted subventions for administrative-territorial units were introduced in 1998. Subventions were allocated from the central budget to the regional-level budgets for maintaining housing and public utilities assets transferred to local councils and subsidizing housing construction. In 1999, these also included subventions for the constructing communal assets.

6.2 Revenues

Legislation indicates only general provisions for the sources of local budget revenues, which are very diverse. The law also establishes that councils set local taxes and duties and possess certain powers in regulating rates for other payments.

However, it is not the variety of local revenue sources so much as the breadth of powers assigned to local bodies that is important. This may be seen by glancing at the structure of local budget revenues classified by source, as shown in table 2.5.

As demonstrated in the table below, own local revenues for local representative and executive authorities amount to around one-third of local budget revenues, even though the share of local taxes and duties is relatively small. Own local revenues have been notably decreasing in district budgets, and are very low in town and village budgets.

More significant is the role of national tax revenues in local budgets. The major part of local revenues are accounted for by national taxes which are assigned to local budgets based on annually established standards, such as income tax, VAT and excise duty on alcohol. The practice of assigning national taxes to local budgets on a long-term basis was extended in 1997 to include certain excise duties, the tax on real estate and payments for land or use of natural resources. Except for excise duties, local councils are allowed to raise or lower tax rates or establish tax privileges.

Table 2.5
Local Budget Revenues, 1997–1999 [percent]

| | 1997 | 1998 | 1999 |
|--|-------|-------|-------|
| Total revenues | 100.0 | 100.0 | 100.0 |
| 1. Own local revenues | 31.4 | 30.7 | 34.5 |
| Local taxes and duties | 5.4 | 4.5 | 11.1 |
| National taxes assigned to local budgets on a permanent basis | 22.5 | 22.0 | 21.8 |
| Current non-tax revenues | 0.9 | 1.4 | 0.7 |
| Revenues from privatization of community property | 0.9 | 0.7 | 0.3 |
| 2. Nationally regulated taxes transferred to local budgets based on annually established standards, on a long-term basis | 47.9 | 47.8 | 45.8 |
| Transferred to local budgets based on annually established standards | 34.3 | 32.5 | 33.7 |
| a) VAT | 21.5 | 18.8 | 18.2 |
| b) Income tax | 9.4 | 8.7 | 7.5 |
| Transferred to local budgets on a long-term basis | 13.6 | 15.3 | 9.3 |
| 3. Subsidies and subventions from the central budget | 20.7 | 21.5 | 19.7 |

6.3 Expenditures

Local councils, within their competence, independently define areas of local budget expenditures on social and economic development. Restrictions apply only to earmarked funds transferred from higher-level budgets. Executive committees are permitted to invest idle funds into economic activities, securities or other investment projects. Local budgets may also designate specific amounts for the repayment of loans, debts and interest. The local council may establish the size of any reserve or earmarked budgetary funds within local budgets.

National legislation also provides a legal framework for inter-budgetary issues that arise in connection with local budget expenditures. Specifically, if a higher-level body makes a decision that causes an increase in expenditures for a lower-level government, it must also set aside appropriate compensation for the lower-level budget. If, when allocating taxes, local councils fail to comply with standards established by national legislation and higher-level council decisions, these funds will be immediately transferred to the appropriate budgets.

The following table highlights the distribution of local budget expenditures by specific area:

Table 2.6
Local Budget Expenditures, 1997–1999 [percent]

| | 1997 | 1998 | 1999 |
|---|-------|-------|-------|
| Total expenditures | 100.0 | 100.0 | 100.0 |
| 1. Current expenditures | 29.9 | 32.0 | 35.9 |
| Expenditures for the executive committee and local council | 3.3 | 3.2 | 3.0 |
| Law enforcement | 2.0 | 1.9 | 1.6 |
| Economic development and support | 6.4 | 7.4 | 6.6 |
| Development of the market infrastructure | 0.1 | 0.1 | 0.1 |
| Education, health, sports and culture | 61.9 | 59.7 | 55.2 |
| a) education | 31.7 | 31.2 | 29.1 |
| b) health | 25.4 | 32.0 | 20.4 |
| c) sport | 0.9 | 1.0 | 1.0 |
| d) culture | 3.0 | 2.3 | 2.8 |
| Other current expenditures | 3.0 | 2.3 | 8.9 |
| 2. Capital expenditures | 8.2 | 8.3 | 8.9 |
| Capital expenditures for the construction of objects transferred from the national budget | — | — | 2.5 |

6.4 Budget Process

Technically, each local council independently formulates the local budget based on own revenues, national tax revenues assigned on a long-term basis and subsidies or subventions from higher-level budgets. However, even though local budget indicators are established by local governments, they must be congruent with the forecast local budget revenues and expenditures for the coming budgetary year. These estimates are provided to regional-level governments by the Ministry of Finance, and to lower-level governments by higher-level ones.

Drafting local budgets falls under the exclusive competence of the executive committee. The final budget is established after the higher-level council approves standards for allocating national taxes and revenues to the local budget.

After being drafted and reviewed by the executive committee, the local budget is submitted for approval to the local council. The decision of the local council establishes the following:

- revenues and expenditures, according to national budgetary classifications;
- standards for allocating national taxes to lower-level budgets and the level of cash flow;
- subsidies to lower-level budgets.

When formulating local budgets, an important role is played by the average compulsory rate (coefficient) which is estimated as a national per capita budgetary social standard within the non-production social sphere (budgetary, non-industrial). This indicator is approved in the Law on the National Budget and calculated annually based on the following factors: funds spent in each region for the social non-industrial sphere per resident, the rate of increase for such expenditures by regional budgets and the projected increase in GDP for the next year. In order to take into account the differences in the development of the social non-industrial network and the volume of services it renders to the population, additional coefficients were introduced in 1999 to differentiate the average national budgetary social standard by regions.

Thus, the 1999 Budget Law of Belarus determined BYR 17,880,000 as the national per capita budgetary social standard within the non-production social sphere. In addition, the following correction coefficients were established: 0.965 for Brest, 0.971 for Vitebsk, 0.997 for Gomel, 1.025 for Grodno, 0.981 for Minsk and 1.061 for Mogilev.

The budget is implemented by the local executive committee. Large cities may partially delegate this authority to their city districts, with respect to funding budgetary institutions within the city district, based on approved estimated expenditures and according to established procedures.

6.5 Local Taxes

Local taxes and fees were legally regulated in 1993. The list included eleven items: fees for the license to trade, advertising tax, fees for pets, fees for the sale of beer, tax on the sale of alcohol and tobacco, fee for the right to use local symbols, fees for filming movies or TV shows, fees for allocating trading sites, tax on construction in resort areas, resort fees, fees for maintaining pre-school facilities and fees for urban and suburban public transport.

The maximum amount for local taxes and fees should not exceed five percent of income remaining to taxpayers.

In 1997, new procedures were introduced for local taxes and duties, which were grouped into six categories:

- user fees, such as fees for the use of parking lots, for the right to trade, for the right to use local symbols, for issuing housing orders, for the right to hold auctions, for owning a pet, et cetera;

- sales taxes, such as taxes on the sale of beer, alcohol and tobacco products;
- fees related to construction and territorial development;
- service fees, such as fees for hotels, restaurants and racecourses;
- fees for advertising on billboards, cars and other vehicles;
- targeted fees, such as the fee for maintaining the municipal police, the fee for upgrading or maintaining public transport and others.

The law also stipulated that targeted fees and fees for construction and territorial development should be used solely for their designated purpose. In addition, it established that local councils may autonomously determine the taxation base, tax rates, methods for calculating taxes or fees and the schedule for their payment.

In 1998, the right to introduce specific local taxes and fees, as well as the categories of taxes and fees, was granted exclusively to regional and district-level councils. These councils may also revise the procedures for collecting payment of each specific type of local tax or fee. Nevertheless, the area in which local councils may apply these fees at their own discretion has somewhat narrowed.

The major difference introduced in 1998 was that the limits for tax rates to be established by the local councils were lowered. For instance, in the aggregate of all fees, sales tax on economic entities should not exceed five percent of proceeds and targeted fees should not exceed five percent of net income.

In 1999, local taxes and fees were elaborated further. Consequently, the list of user fees now includes the fee for crossing the national borders via border checkpoints. Casinos were eliminated from the list of service fees, while the list of targeted fees was expanded to include charges for upgrading and maintaining inter-city buses, trams and trolleys; for maintaining pre-school facilities; and for the commercial procurement of wild herbs or mushrooms, technical or medical phytogetic raw material for processing and sales.

Whereas the 1998 Law on the National Budget established only that local councils possess the opportunity to introduce local taxes and charges, the 1999 Law on the National Budget made their introduction mandatory for regional and district-level councils.

At first glance, this may be interpreted as evidence of the increasing importance of local taxes and fees in the structure of local budget revenues. In practice, this is not the case. Rather, this is the result of strengthened fiscal pressure in a situation of progressing economic crisis.

6.6 Local Economy, Local Property

Economic or commercial entities operating on local territory may assume a diverse range of economic and legal forms. The organizational and legal definition of economic associations includes the

following: limited or unlimited liability companies, joint-stock companies, enterprises or associations of enterprises, manufacturing cooperatives and individual entrepreneurs. With the adoption of the new Civil Code in 1999, limited partnerships and full partnerships will be added to the list. Within this classification there are subcategories such as affiliated and dependent companies and unitary enterprises with the right of economic control and operational management. These entities may be either state or privately owned.

In terms of their socioeconomic impact, economic entities may be divided into those that are primarily geared toward local needs and those that are focused on the external market. Local authorities are motivated, directly or indirectly, to develop all types of entrepreneurial activity, as they provide both employment opportunities and budget revenue and thus assist in the resolution of social issues assigned to local competence. Nevertheless, the Law on Local Government mentions only the first category of economic entity, that is, entities of various types of ownership which satisfy local demand. As conceived in the law, "local economy" refers to a particular economic unity, whose development must be assisted through long-term programs and local legislation. In doing so, local governments should take into account the Law on the Prevention of Monopolistic Activities and the Development of Competition, passed in 2000. This law establishes criteria for determining the dominance of a given economic entity in the goods market and prohibits any agreement with local bodies which is aimed at limiting competition.

One method of supporting small businesses oriented towards the domestic market is the creation of "business incubators." Emerging businesses are provided with administrative and production premises on favorable terms for a certain period of time. These incubators are not yet very numerous; for instance, Gomel oblast has only two, one in the city of Gomel and one in Mozyr.

Currently, it is practically impossible to solve issues related to the development of local economy. Moreover, if they are to comply with the instructions issued from the top, local governments must undertake strict measures against entrepreneurial institutions.

In 1996, the president issued a decree which determined local government responsibility for regulating pricing in their territories. Regional and Minsk city executive committees set a price range for socially important goods, jobs and services for local consumption at their discretion. These may include price ranges for mass-produced bread, milk and baby food; goods, jobs and services for companies with a local monopoly; heating; public transport; markups for public catering; solid fuel for inhabitants; and communal services such as water supply, sewerage, heating and hot water.

Pursuant to the decrees and decisions of the Commission on Coordinated Pricing, local executive committees artificially curb price growth and control production companies to ensure the continued manufacturing of socially significant goods, such as food, clothes and shoes. These committees approve maximum levels of profitability, retail markups and tariffs on socially important goods and public services.

In accordance with the Presidential Decree on Urgent Measures to Protect the Consumer Market, oblast executive committees and the Minsk city executive committee are enjoined to perform the following tasks:

- to establish the maximum norms for sales of goods;
- to restrain or suspend activities by companies that violate legislation on the sale of goods;
- to undertake measures for the immediate sale of perishable goods which are confiscated due to the violation of procedures for pickup and delivery.

In fact, control over retail and wholesale trade has been tightened. Local governments also have the authority to license these activities.

In March 1999, the president issued Decree No. 11 on the Regulation of State Registration and Liquidation of Economic Subjects, requiring most companies to re-register by 1 July 2001. New, higher and, for many, unaffordable amounts of statutory funds were established. Given this approach, the number of active commercial companies will notably decrease. Already, as a result of the national re-registration of companies conducted in 1993 and again between 1996 and 1997, several thousand companies have ceased to exist.

The legal regulations and functioning of local property in Belarus is beset by several problems. No special law regulating this type of property has been adopted. Instead, both the Law on Ownership, adopted in 1990, and the Civil Code, adopted in 1998, are based on the concept of “multi-level state property,” whereby national and local property are both subdivisions of state property. By this definition, local property is the object of close attention by central government bodies, and subject to administrative redistribution. At the same time, the Civil Code extends general legislation on private property rights to include local governments. According to the Civil Code, administrative-territorial units participate in civil and legal relations on an equal footing as other participants, that is, physical or legal entities. They are accountable for their obligations as property owners, except for property which is established as exclusively local state property. The state is not accountable for these obligations on the part of administrative-territorial units. In turn, administrative-territorial units are not accountable for the obligations of any legal entities which they or the state have created.

Local property consists of the local government treasury and includes local budget funds and other local assets that are not assigned to local government enterprises. Local property also includes the assets of local government enterprises.

Belarus passed the Law on Assets in the Exclusive Ownership of the State to define objects which may not be bequeathed, destatized or privatized unless the law permits otherwise. They may, however, be leased in accordance with legislation, without the possibility of buy-out by the lessee. These objects include natural resources, such as agricultural lands and other categories of land restricted from private ownership; mineral resources; waters; forests; specially protected natural territories or monuments; air space; public engineering infrastructure for electricity, heating, gas, water supply,

sewerage, public lighting and the territorial development of cities and towns; property of local councils and executive bodies on balance sheets; local budgets, extra-budgetary and targeted budgetary funds. Any deals which result in the alienation of the property of enterprises, institutions or organizations specified in the law are possible only if this property has been excluded from the list of property of these enterprises in accordance with legislation.

Local councils establish procedures to form and approve the list of enterprises, institutions and organizations to be held exclusively in local government ownership. Local property is viewed first and foremost as a source of local budget revenues and second as a means for satisfying the needs of local inhabitants. The list of local property is clear evidence of this: it is defined to include "... industrial, construction and agricultural enterprises, trade companies, ... and other assets needed for the functioning and development of the respective territories." Thus, the law does not establish the provision of public services on a non-commercial, non-profitable basis as the main objective of local property.

The transfer of state property into regional ownership primarily took place in 1991 on a non-repayable basis, through a government resolution. After this, regional governments distributed local property among the remaining tiers, retaining most industrial enterprises, *soukhozes* and agricultural and food-processing companies, such as dairies and meatpacking factories.

Local governments apply different methods of control over the activities of local enterprises or organizations, most importantly over the administration of local assets. Local regulatory acts generally require consent by the executive committee or by a specialized property administration organization for dealings which involve the alienation of local assets. In addition, "state representatives" are appointed to the managing bodies of economic organizations in a manner analogous to the managing bodies for national assets. They also exercise control over the enterprise's activities, retaining the best part.

7. Relationship between the State Administration and Local Governments

The model of public administration created in Belarus has particular characteristics. In fact, if not in name, the president enjoys supreme administrative power. In November 1996, a new edition of the Constitution was approved through a national referendum initiated by the president. According to this version, the president is not formally the head of executive power. That prerogative belongs to the government, namely, the Cabinet of Ministers. Nevertheless, as head of state, the president has not only preserved but also expanded his powers—legislative, organizational, staffing and control—over the functioning of executive bodies. These powers extend to issues of territorial management. The president has broad rights in regulating the administrative-territorial structure of the state and enjoys the authority to establish or dissolve oblasts and raions, to determine or change their borders, to create or dissolve city districts and to combine administrative-territorial units into a single administrative center.

The president makes unilateral decisions on allotting land for non-agricultural purposes from the most arable lands, resorts, national reserves or forested areas with special status. According to his own decree, the president makes the final decision on the sale of land to any legal entity, including foreign ones. The president possesses the right to adopt acts with the force of law in the form of decrees, including instructions and “temporary” decrees which are issued due to “special” need. According to the Constitution, if a presidential decree or instruction contradicts legislation, the relevant law prevails only if it had originally granted the president the right to adopt the particular act. For all other issues not specifically addressed by legislation, presidential decrees must be complied with. In no case, however, should presidential acts contradict the Constitution. In reality, the situation is quite different: in 1995, for instance, the Constitutional Court declared eleven presidential decrees to be invalid, including several acts aimed at the restriction of local self-government.

The Cabinet of Ministers supervises the activities of local executive bodies in virtually every area, either directly or through central government bodies, such as ministries. The government organizes control over compliance with the Constitution, laws, presidential acts, government resolutions and decisions of the prime minister. The government cooperates most closely with regional executive bodies, sending them the bulk of instructions or compulsory recommendations due to the dominant role played by the regional tier in the system of local public administration.

Central government interference in local government activity is especially felt in administrative issues which have social or political priority for the state due to their critical nature. Examples of these include the prevention of a decline in industrial or agricultural production, salary payments or housing construction. Only direct instructions from the central government are applied in these areas. It is also common practice for the government to issue, not demands, but recommendations that local governments undertake a given measure in an analogous manner to central government activities. For example, these might refer to the management of local property. In practice, these recommendations are interpreted as compulsory instructions. Such a course is both easier and safer under conditions when public administration overall operates under such an extreme regime.

According to the Law on the Cabinet of Ministers, the Cabinet is also authorized to provide local governments with qualified specialists and establish a system for their training. The central government should support local bodies in organizing their management, in particular by developing a draft local government structure. With respect to the relationship between the Cabinet of Ministers and local councils, the central government is legally obliged to determine, in cooperation with local governments, procedures for the participation of local councils in implementing national programs.

In January 2000, the president approved a directive on the “style and methods” of government administration, which sharply criticized Cabinet activities. In terms of territorial issues, the directive cited the lack of a system for coordination between sectoral bodies and territorial-administrative divisions. This document thus set the task to improve planning and forecasting, to differentiate functions more flexibly between central and regional bodies and others. All of this underscores the serious problems that exist in public administration in Belarus and confirms their institutional nature, which is shaped by the content of political and social-economic leadership.

There is no single government institution in Belarus primarily responsible for coordination and control of local government activities. Instead, these tasks are addressed by different bodies. Local councils are more or less controlled by the National Assembly. Its lower house, the House of Representatives, has a standing Commission on State Construction and Local Self-government. The upper house, the Council of the Republic, is composed of representatives from the territories, and has a Commission on Regional Policy. The Council of the Republic has the authority to cancel local council decisions if they contradict legislation, as well as the authority to dissolve local councils.

The presidential administration exercises ideological supervision over local governments, with the principal aim of ensuring local support for presidential policies. The administration maintains the “staff policy” of the president at the central and local levels and runs the respective “staff registries.” A group of chief inspectors for regions and the city of Minsk operate within the presidential administration to carry out presidential policies and control their implementation.

In addition, a council composed of heads of local executive bodies acts as a standing advisory body in the president’s office. This body includes the head of state, his chief of staff, the prime minister and chairmen of regional and Minsk city executive committees. Every year the president includes chairmen of raion and city executive committees (two from each oblast and the city of Minsk) in the council. The council is responsible for developing proposals to coordinate the activities of local executive bodies on issues of social security; for maintaining a balanced approach to regional interests; and for considering regional interests during the preparation of important social and economic decisions.

Within the central government, a special state secretariat has been created to address territorial issues. It is responsible for coordinating between the Cabinet of Ministers and local executive bodies; for preparing proposals to improve public administration at the territorial level; and for the ongoing implementation of local economic and social development.

The central system of public administration in Belarus also includes ministries, state committees and committees within these bodies. These have significant influence over the activities of local governments, since many local government divisions are simultaneously subordinated to the central ministries and incorporated with them into a “single” system. This applies to local directorates or departments of labor and employment, social security, health care, housing and communal services, the interior and many others.

8. Local Government Employees

Local government employees enjoy the status of public servants, as regulated by legal norms. Generally speaking, public service in Belarus refers to the activities of all public servants working in state bodies, enterprises, institutions and organizations. In the narrower sense, public service is the fulfillment of

duties by certain categories of government officials. Their status is regulated by the Law on Public Service, adopted in 1993. All employees in executive bodies, except support and technical staff, are covered by this law. The law indirectly includes local council members, since their duties are registered as those of public administration employees.

Local executive committees, rather than local councils, determine local government staff. Their salaries are set by a uniform system of wages, which is established by the government, the Ministry of Finance and the Ministry of Labor.

Local government employees are responsible for the following tasks: implementing government policy; maintaining the efficient functioning of government bodies; ensuring the rights and freedoms of citizens and legal entities; and protecting their interests.

The law also determines the general principles of public service: that rights and legal interests of citizens have priority over state interests; that public servants may not be summarily removed from office, in order to preserve continuity and stability within the state; that the decisions of the highest bodies and officials, adopted within their competence, are binding; equal opportunity for employment in public service; and political loyalty.

Openings in public service, including those at the local level, are filled on a competitive basis. In 1994, the Ministry of Labor approved provisions for the hiring process. Vacancies may be announced either to the employees of a given government body only or to the public at large. In the former case, the head of the government body makes the final decision on hiring a given candidate at his or her discretion. In the latter case, a special commission, which may include independent experts, is established to organize the hiring process. The head of the government body decides whether to organize interviews or exams; legislation does not regulate these issues. It should be emphasized that the system of hiring public servants can only be called “competitive” in name. In general, it is characterized by a low influx of young professionals at all levels of public administration, due to very low salaries.

Government employees are guaranteed job tenure; when hired by local executive or administrative bodies, they sign an employment contract for a period of fifteen years. When offered the job, the successful applicant must submit an income declaration for the preceding year and the appropriate portion of the current year. The refusal to submit a declaration or the intentional submission of incomplete, incorrect or distorted information may be viewed as grounds for withdrawing the offer.

According to the legislation, public servants must observe the following principles:

- to comply with laws and other legal regulations;
- to fulfill orders and instructions from their managers, issued within their competence;
- to adhere to the regulations of the given government body;
- to review applications from citizens, enterprises, institutions and organizations in a timely and objective manner;
- to maintain state secrets and other information protected by law, even after retirement;

- to maintain the confidentiality of all information obtained through their official position on citizens' private lives and not to demand such information except in legally specified cases;
- to maintain the qualifications needed to efficiently fulfill their duties;
- to adhere to ethical norms and to refuse to carry out orders which contradict legislation.

Every position in public service falls into a specific grade, which is determined according to the employee's qualifications and record of service. There are twelve grades of public service, with grade twelve being the lowest. Chairmen of regional or Minsk city executive committees hold an additional grade, conferred on them by the president when they are approved in office by their corresponding council.

An individual may be promoted through the various grades in consecutive order, depending on his or her position, qualifications, record of government service and previous grade. Higher-grade positions have precedence over lower-grade positions. Grades are conferred through resolutions issued by special commissions set up within the government bodies.

Legislation stipulates for the regular assessment of all public servants. Ordinary employees are assessed once every five years, while heads of local governments are assessed once every two and a half years. Special assessment commissions are created for this purpose. Heads of regional executive committees are assessed by a commission established within the presidential administration, while heads of district and city executive committees are assessed by commissions established by regional executive committees.

Training qualified managers in the system of public administration is considered to be a political priority. Educational institutions receive orders from the state to train specialists. The Academy of Public Administration in the Office of the President is the highest educational institution providing advanced training for top local government officials, offering a course in Public Administration and Municipal Government. Chairmen of local councils and heads of executive committees are trained at the Academy, as well as promising specialists included in the personnel reserve. Top managers should improve their skills at least once a year. At the end of the training course, they must pass examinations and receive a certificate.

The NGO sector is not widely involved by the government in training programs for local government employees. Few public employees participate in conferences and workshops organized by NGOs, such as the Lyva Sapieha Foundation. Members of local councils, on the other hand, participate in these events much more actively.

Professionalism among staff is an acute problem in local governments, which lack a supply of trained young specialists. Turnover among staff in the Minsk city executive committee, for example, is over thirty percent.

9. Legal Guarantees for Local Autonomy

The Constitution contains a number of principles and norms intended to guarantee the development and strengthening of democracy. These include freedom of speech, freedom of information and the right to free assembly. Citizens are also guaranteed the right to participate in the administration of state affairs. However, the Constitution does not possess provisions to clearly determine either the political and legal nature of local government or its place in the system of public administration. Nor does the Constitution establish the status of local communities as legal subjects or even discuss the autonomy of local governments over issues within their competence. Furthermore, there is no constitutionally established right to judicial protection for self-governments if state bodies pass illegal acts. Local governments are not even granted the recourse of initiating legal proceedings in the Constitutional Court.

It should also be noted that even those provisions that are constitutionally established are not always complied with. Some examples of this are the elimination of self-governments in many administrative-territorial units, and the transformation of cities and other settlements into the classification of “territorial units,” which deprives them of elected authorities.

The budgetary autonomy of local authorities is also limited, since higher bodies must play a role in balancing the budget, by establishing the upper limits of the budget deficit or absorbing any budget surplus.

Disputes between different tiers of administration may only be reviewed through channels of administrative subordination—council or executive committee, government or president. However, as mentioned before, there is no law on administrative procedures in Belarus. In addition, the system of administrative courts is nonexistent. Instead, administrative disputes between citizens and government bodies are reviewed in the general courts.

It has recently been planned to introduce the institution of ombudsman in Belarus. The Constitution establishes the right of citizens to challenge any illegal actions by local governments that violate their rights. Issues that citizens can bring to court might concern the activities of electoral commissions, the refusal of an executive committee to register an initiative group for organizing a referendum or the refusal to allow the organization of public action.

Legislation also provides for criminal or administrative penalties if officials create obstacles to the realization of the political rights of citizens. This covers a broad range of activities. According to the Criminal Code, the creation of obstacles to the free realization of a citizen’s right to participate in a referendum is punishable by a fine, by no more than five years of imprisonment or by no more than two years of correctional service. Methods of violating these rights include violence, deception, threats, bribery, forgery, distortion, voting fraud or the violation of confidentiality by an official, a member of an initiative group or a referendum commission.

The Administrative Code of Belarus establishes a fine for citizens as well as officials for any violation of the legislation on referenda. Furthermore, during the preparation and holding of a referendum, officials can be administratively fined for the illegal refusal to review citizen applications, for violating the term of a review without proper grounds; for making illegal decisions; or for failing to fulfill prior decisions on citizen applications. No further sanctions are envisaged by legislation for other violations of the rights of territorial communities and local governments.

10. Next Steps in the Transition Process

The need for drastic change in the system of local government in Belarus is increasingly evident. This is widely recognized both by scientists and by practical specialists, many of whom believe it essential to improve the economic, legal and organizational basis of territorial governance. These experts propose that an entirely new law on local self-government be adopted, one which corresponds to the principles of the European Charter of Territorial Self-government. They argue that too much time has been lost and that fragmentary changes or modifications of the existing system will not bring about the desired effect.

As for the central government's stance on this issue, it should be noted that it is currently developing a state concept for the reform of local government and self-government.

In September 2000, a Congress of Local Councils was held, including councils at all levels of government. This was a political event rather than an institution envisaged by either the Constitution or legislation. Congress decisions do not carry any legal weight. Nevertheless, this forum was able to express a common position held by members of all levels. The necessity of reforms was urgently raised at the Congress, which supported the development of a concept for reform and a draft code on local government and self-government. However, the Congress did not determine any specific issues that would provide the foundation for the concept or the new law. In very general terms, it was agreed that it was necessary to redistribute authorities and, most importantly, financial resources in favor of lower-level governments. The resolution issued by the Congress contained general recommendations for local councils and executive bodies to cooperate better with self-government bodies, to improve preparation for council sessions, to heighten activity of their members in districts, et cetera.

After the Congress met, the president began preparation of a draft decree on the reform of local government in Belarus. In principle, the decree should reflect the main principles of the reform concept. It is not yet clear what direction will be chosen. A special central government body is to be created in order to coordinate the reform process. From an organizational point of view, key issues to be included in the presidential decree are the right of local governments to set up national and regional associations and the principles governing cooperation between government bodies and these associations during the preparation of local government related decisions.

In addition, it is hoped that certain measures will be undertaken to increase the financial capabilities of self-governments in order to somewhat strengthen the role of local councils. Of course, this alone is not enough. All of these issues require the radical reform of the political, economic and organizational aspects of territorial government. The existing multi-tiered and dysfunctional model must be replaced, preferably by a two-tiered territorial government composed of districts and regions. To do so, it has been proposed that current first-tier administrative-territorial units be enlarged, creating roughly 400–450 units at the new first tier of government. Instead of the existing six regions, eighteen to twenty oblasts would be established, based on large and medium cities. Alternative structures would also be acceptable, provided that they followed the same conceptual principles. It is evident that the central government is not yet ready to take such steps towards administrative-territorial reform, from the ideological, economic or pragmatic perspective.

It is also unlikely the distribution of responsibilities between local representative and executive authorities will change in the immediate future. In all probability, council members might have slightly more opportunity to influence the creation of executive offices. Executive bodies will probably not be incorporated into the system of local self-government, but will instead retain their status as central government agencies. In summary, the current functional and organizational isolation of the two systems of government appears likely to be preserved.

Recent Publications on Local Government in Belarus

Dritz, V. I. "Methods and Forms of Financial Maintenance of Local Government and Self-government." In *Market Reform of the Belarus Economy*. Minsk: 1997.

Dritz, V. I. "Local Taxes: Necessity and Expediency." *Accounting and Taxes* 4 (1999): 13–15.

Dritz, V. I. "Local Taxes: Need or Imitation?" *Accounting and Taxes* 6 (1999): 31–33.

Fateyev, V. S. *Regional Economic Development, Local Government and Self-government in Belarus*. Minsk: 2000.

Kivel, V. N. *European Charter of Local Self-government: Belarus, Poland, Sweden*. Minsk: 2000.

Korbut, N. "Implementation of the Budgetary Policy of the State in the Transition Period." *Belarus Economic Magazine* 4 (1999): 4–15.

Krasutsky, A. V. and V. V. Shinkariov. "Local Self-government is Not a Tribute to Fashion. It is One of the Main Indicators of the Democratization of Society." *Soviet Belarus* (31 July 1997). *Regulations of the Minsk City Council*. Minsk: 1999.

National Human Development Report, Belarus. Minsk: UNDP Office, 1998.

Sorokina, T. "Local Budget: Considering Local Factors." *Finance, Accounting, Audit* 12 (1998): 16–19.

Zaiko, L. "Belarus on the Brink of Ages." *National Economic Newspaper* 1 (2000): 5.

Contacts for Further Information on Local Government in Belarus

National Academy of Sciences of Belarus
Institute of Economics

Valentin Ivanovich Dritz, Senior Researcher

Phone: (+375-17) 284-27-27

Fax: (+375-17) 284-53-55

Office of the President

Vasily Vasilyevich Shinkariov, Head of the General Department

Phone: (+375-17) 222-28-28

Lyva Sapieha Foundation

Miroslav Vladimirovich Kobasa, Chairman of the Board

Phone: (+375-17) 234-37-91,

Fax: (+375-17) 289-37-11

Annex 2.1

Major General Indicators

| | |
|---|---|
| Area | 20,759,000 hectares/207,600 square kilometers |
| Inhabited area | 1,830,000 hectares |
| Urban areas | 253,000 hectares |
| Rural areas | 1,577,000 hectares |
| Population (1 January 1999) | 10,264,400 |
| Pensioners (end of 1999) | 2,630,000 |
| Senior citizens | 1,970,000 |
| School-age children (1999) | 1,521,800/14.7 percent of the population |
| Population density | 49 people per square kilometer |
| Major ethnic divisions (according to the 1999 census) | |
| Belarus | 81.2 percent |
| Russians | 11.4 percent |
| Poles | 3.9 percent |
| Ukrainians | 2.4 percent |
| Jews | 0.3 percent |
| Others | 0.8 percent |
| Per capita GDP (1999) | BYR 28,336,000 |
| National budget (1999): | 47.2 percent of the consolidated budget |
| Public debt (1 January 2000) | |
| Internal | BYR 342.9 billion/5 percent of GDP |
| Foreign | USD 898 million |
| Unemployment (1999) | 2 percent of the economically active population |
| Inflation | 51.2 percent |

Annex 2.2

Population, Settlements and Administrative Units

Table 2A.1
Settlements by Population Size Categories in Belarus (1 January 1999)

| Population Size Category | Number of Settlements | Percentage of Settlements | Number of Inhabitants | Percentage of Inhabitants |
|--------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
| 0–1,000 | 24,227 | 99.154 | 3,129.9 | 30.5 |
| 1,000–2,000 | 24 | 0.098 | 33.1 | 0.3 |
| 2,000–5,000 | 43 | 0.176 | 134.1 | 1.3 |
| 5,000–10,000 | 51 | 0.208 | 398.6 | 3.9 |
| 10,000–50,000 | 65 | 0.266 | 1,134.9 | 11.1 |
| 50,000–100,000 | 10 | 0.041 | 733.5 | 7.2 |
| 100,000–1,000,000 | 13 | 0.053 | 2,971.4 | 28.9 |
| 1,000,000+ | 1 | 0.004 | 1,728.9 | 16.8 |
| Total | 24,434 | 100.0 | 10,264.4 | 100.0 |

Table 2A.2
Municipalities by Population Size Categories in Belarus

| Population Size Category | Number of Municipalities | Percentage of Municipalities | Number of Inhabitants |
|--------------------------|--------------------------|------------------------------|-----------------------|
| 0–1,000 | 1,460 | 86.1 | 3037,700 |
| 1,000–2,000 | 24 | 1.4 | 34,500 |
| 2,000–5,000 | 39 | 2.3 | 124,300 |
| 5,000–10,000 | 14 | 0.8 | 90,700 |
| 10,000–50,000 | 107 | 6.4 | 3,251,700 |
| 50,000–100,000 | 31 | 1.8 | 2,127,200 |
| 100,000–1,000,000 | 14 | 0.8 | 3,107,400 |
| 1,000,000 + | 7 | 0.4 | 10,264,400 |
| Total | 1,696 | 100.0 | — |

Average population per local government 11,900 people
 Number of municipal governments 1,696

Table 2A.3

Administrative-territorial Structure in Belarus

| Local and Regional Governments | Average Number of Inhabitants per Unit | Average Number of Settlements per Unit |
|--------------------------------|--|--|
| First tier | 200 | 16 |
| Second tier | 58,200 | 170 |
| Third tier | 1,466.3 | 3,491 |

Territorial autonomies with special status none

Figure 2A.1
Structure of the Baranovich City Council

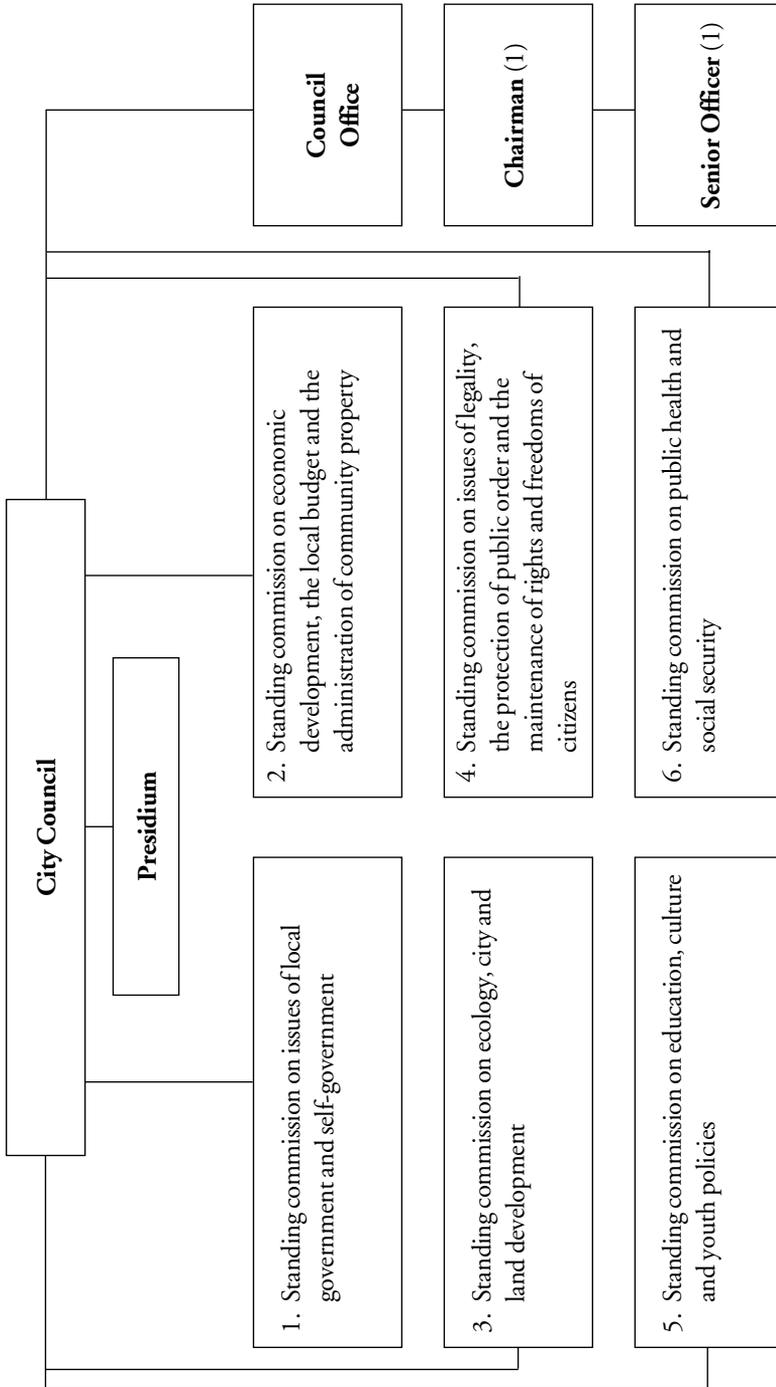


Figure 2A.2
Structure of the Baranovich City Executive Committee

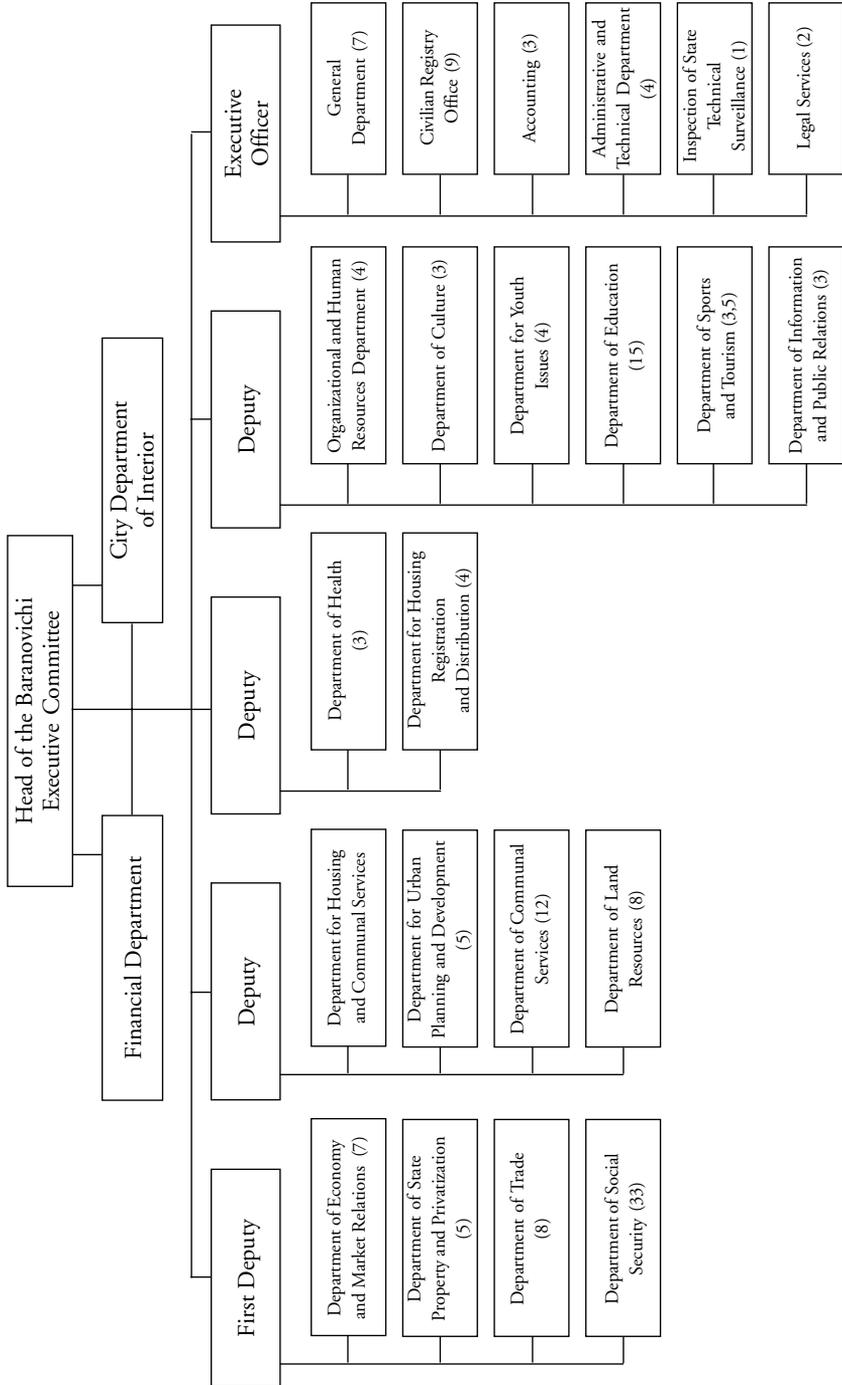
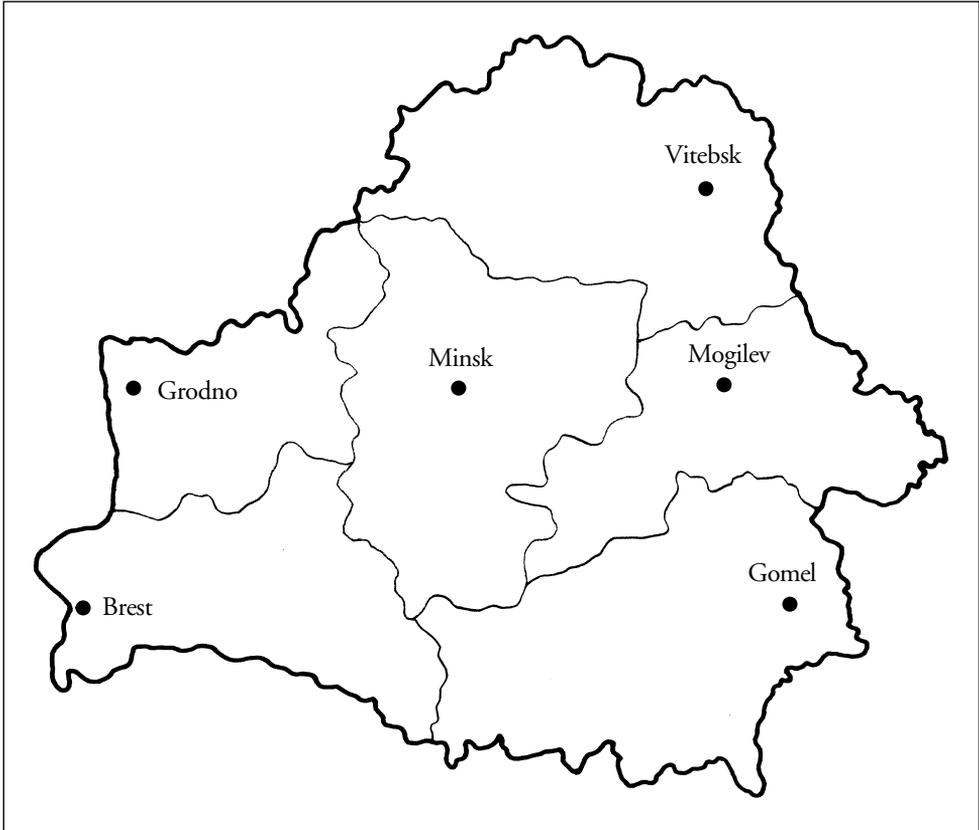


Figure 2A.3
Administrative Map of Belarus



Annex 2.3

Major Laws on Public Administration and Local Government

- Constitution of Belarus (27 November 1996)
- Law on Local Government and Self-governance (10 January 2000)
- Law on National and Local Assemblies (12 July 2000)
- Electoral Code of Belarus (11 February 2000)
- Law on Administrative-territorial Division and Procedures for Resolving Issues of Administrative-territorial Organization (5 May 1998)
- Law on the Status of Local Council Members (27 March 1992)
- Law on the Status of the Capital City, Minsk (12 July 2000)
- Law on the Budget System and State Extra-budgetary Funds (15 July 1998)
- Civil Code (7 December 1998)
- Law on Assets in the Exclusive Ownership of the State (5 May 1998).

Annex 2.4

Responsibilities of Administrative Tiers

Table 2A.4
Specific Functions of Government Tiers in Belarus

| Functions (Maintenance, Development, Personnel Hiring, Financing from Other Sources) | All Governments | Regional or City Governments | Central Administration | Other Forms |
|--|-----------------|------------------------------|------------------------|-------------|
| I. EDUCATION | | | | |
| 1. Pre-school | X | X | | X |
| 2. Primary | X | X | | |
| 3. Secondary | | X | | X |
| 4. Technical | | X | | |
| 5. Other | | | X | X |
| II. SOCIAL SECURITY | | | | |
| 1. Nurseries | X | X | | X |
| 2. Kindergartens | X | | | X |
| 3. Old and disabled people's homes | | | | |
| 4. Individual services to old and disabled people | | X | | X |
| 5. Special services (for homeless, families in crisis, etc.) | | X | | X |
| 6. Social housing | | X | | |
| 7. Other | | | | |
| III. HEALTH CARE | | | | |
| 1. First aid | | X | | |
| 2. Health protection | | X | | |
| 3. Hospitals | | X | | |
| 4. Public health | | X | | |
| 5. Other | | | | X |

Table 2A.4 (continued)
Specific Functions of Government Tiers in Belarus

| Functions (Maintenance, Development, Personnel Hiring, Financing from Other Sources) | All Governments | Regional or City Governments | Central Administration | Other Forms |
|--|-----------------|------------------------------|------------------------|-------------|
| IV. CULTURE, LEISURE, SPORTS | | | | |
| 1. Theaters | | X | X | X |
| 2. Museums | | X | X | X |
| 3. Libraries | | X | X | |
| 4. Parks | | X | | |
| 5. Sports, leisure | | X | | |
| 6. Maintenance of culture facilities | | X | X | |
| 7. Other | | | | |
| V. ECONOMIC SERVICES | | | | |
| 1. Water supply | | X | | |
| 2. Sewerage | | X | | |
| 3. Electricity | | X | | |
| 4. Gas | | X | | |
| 5. Heating | | X | | |
| 6. Other | | | | |
| VI. ENVIRONMENT, PUBLIC SANITATION | | | | |
| 1. Waste collection | X | X | | X |
| 2. Waste disposal | | X | | |
| 3. Street cleaning | X | X | | |
| 4. Cemeteries | X | X | | |
| 5. Environment protection | X | X | X | |
| 6. Other | | | | |
| VII. TRANSPORT | | | | |
| 1. Roads | X | X | X | |
| 2. Street lighting | | X | | |
| 3. Public transport | | X | | X |
| 4. Other | | | | |

Table 2A.4 (continued)
Specific Functions of Government Tiers in Belarus

| Functions (Maintenance, Development, Personnel Hiring, Financing from Other Sources) | All Governments | Regional or City Governments | Central Administration | Other Forms |
|--|-----------------|------------------------------|------------------------|-------------|
| VIII. URBAN DEVELOPMENT | | | | |
| 1. Town planning | | X | | |
| 2. Regional/spatial planning | | X | X | |
| 3. Local economic development | | X | X | |
| 4. Tourism | | X | | X |
| 5. Other | | | | |
| IX. GENERAL ADMINISTRATION | | | | |
| 1. Authoritative functions (licenses, allowances) | | X | X | X |
| 2. Other public administration issues (registration of voters, etc.) | X | X | X | |
| 3. Local militia | | X | X | |
| 4. Fire brigades | | X | X | |
| 5. Civil defense | | X | X | |
| 6. Consumer rights protection | | X | X | X |