

**STANDART
FOR COMPETITION DEVELOPMENT
IN THE REGIONS
OF THE RUSSIAN FEDERATION**

INTRODUCTION

Given the regional nature of most markets for goods, works and services, competition promotion tends to concentrate on the regional level of government. Therefore, competition promotion should become a top priority for regional government authorities.

The Standard for Competition Development in the Regions of the Russian Federation (hereinafter – the Standard) has been designed to implement point 2 of the systemic action plan to develop competition, included in the Action Plan (Roadmap) for “Promotion of Competition and Implementation of Antimonopoly Policy”, approved by GOR Directive № 2579-r of 28 December 2012.

The Standard aims to:

- ✓ set requirements for the activities of regional government authorities, aimed at creating conditions for the development of competition in various sectors of the regional economy;
- ✓ ensure a systematic and consistent approach to competition promotion activities across the Russian Federation, while taking into account the specifics of regional economies and markets;
- ✓ put in place a transparent operational framework for regional government authorities to implement effective and efficient competition promotion measures for the benefit of consumers of goods and services, including businesses, households and the community at large;
- ✓ create incentives and opportunities for the development and protection of small and medium-sized businesses and for the elimination of administrative barriers.

All the participants in the competition promotion process shall be guided by the following principles while implementing the Standard:

- ✓ **consumer orientation:** top regional executives and senior regional government officials and staff shall approach competition promotion measures with regard to the current and future needs of consumers, economic agents and the community at large;
- ✓ **commitment of regional senior officials:** heads of regional government authorities shall ensure that regional government objectives and activities are consistent with achieving effective and efficient implementation of the Standard’s requirements;
- ✓ **systematic approach:** regional government authorities shall use a systematic approach to identifying consumer expectations; activity planning; and putting in place processes and systems for monitoring, assessment, control and analysis; and planning ways to improve the performance of these by seeking to achieve the effective and efficient development of competition;
- ✓ **continual improvements:** continual improvements of competition promotion measures are aimed at enhancing the satisfaction of consumers and other stakeholders with the quality of goods and services – customer and stakeholder feedback, along with audit and analysis of the effectiveness of competition development measures, shall help to identify areas for the improvement of regional authorities’ competition promotion work;
- ✓ **transparency:** regional government authorities shall ensure that consumers and other stakeholders have open and easy access to information about competition support

measures, service delivery procedures and decisions relevant for the society and the economy.

The Standard shall be implemented on the basis of a decision by the regional top executive (head of the supreme executive authority of the region). The fact that the regional top executive (head of the supreme executive authority of the region) has taken a decision to implement the Standard implies that he/she fully endorses the Standard's goals and implementation principles.

Standard implementation information and documents shall be posted, at the very least, on a quarterly basis while the Standard's requirements are implemented. They shall be posted in a separate section of the official website of the government body authorized with competition in the region and at the web portal of the regional government established to present investment opportunities in the region.

Requirement 1

Designation of Authorized body responsible for competition development in the regions of the Russian Federation

1. Russian regions must designate a government authority that would be responsible for the promotion of competition in the region (hereinafter – the Authorized Body).
2. The Authorized Body shall be responsible for:
 - ✓ making a list of priority and socially important markets to facilitate competition in the region, providing selection rationale;
 - ✓ compiling an annual report on the Condition and Development of the Competitive Environment in Markets of Goods and Services in the Region of the Russian Federation;
 - ✓ drafting an action plan (roadmap) to promote competition in the region (hereinafter – roadmap) to be approved by the regional top executive (head of the supreme executive authority of the region);
 - ✓ coordinating the efforts of regional government authorities to implement roadmap activities;
 - ✓ publishing information about regional competition promotion activities and relevant materials at the official website of the Authorized Body;
 - ✓ handling appeals from businesses, consumers of goods and services and from consumer protection associations regarding competition status and development issues within the purview of the Authorized Body;
 - ✓ monitoring of the competitive environment in the regional markets of goods and services.

Requirement 2

Reviews of competition promotion issues by the collegial body under the regional top executive

1. Draft legal acts and other documents and materials designed to encourage the development of competition shall be reviewed by the collegial coordinating and advisory body under the regional top executive (head of the supreme executive authority of the region) (hereinafter - Collegial Body), including:
 - ✓ a draft list of priority and socially important markets to facilitate the development of competition in the region, providing selection rationale;
 - ✓ a draft roadmap, and progress reports on roadmap activities;
 - ✓ other drafts of regional legislation and regulations as regards their potential impact on competition condition and development;
 - ✓ findings of monitoring surveys of competitive environment in regional markets of goods and services.
2. The Collegial Body shall review and approve the annual report on the Condition and Development of the Competitive Environment in Markets of Goods and Services in the Region of the Russian Federation;
3. The Collegial Body shall include:
 - ✓ heads or deputy heads of the Authorized Body and other executive authorities whose roles include implementation of measures to develop competition in the region;
 - ✓ representatives of business and consumer associations;
 - ✓ representatives of consumers of goods and services involved in the mechanisms of public control over the activities of natural monopolies.
4. To consider competition promotion issues, Collegial Body meetings shall be joined by:
 - ✓ officials from the Federal Antimonopoly Service (FAS) regional branch;
 - ✓ a regional business ombudsman;
 - ✓ a regional human rights ombudsman;
 - ✓ experts in appropriate subject areas.
5. The above responsibilities of the Collegial Body may be assigned to the regional non-governmental advisory coordinating body established to improve the investment climate.
6. The minutes and other materials of the Collegiate Body's meetings shall be publicly available at the official website of the Authorized Body.

Requirement 3

Approval of the list of priority and socially important markets to promote competition in the region

1. The top regional executive (head of the supreme executive authority of the region) shall approve the list of priority and socially important markets to promote competition in the region (hereinafter – the List).
2. The Authorized Body shall draft the List providing selection rationale for each priority and socially important market for the promotion of competition in the region and set targets for them.
3. To draft the List in compliance with the Standard' goals and principles, it is advisable that regional and municipal authorities familiarize themselves with the Competition Assessment Toolkit, designed by the Organization for Economic Cooperation and Development (OECD).
4. The list of priority markets should first of all include non-resource sector markets of goods and services with a high degree of processing and high added value of end products with export potential, and (or) import replacement potential, and with production and technology chains and value added chains located mostly in the Russian Federation.
5. The list of socially important markets should first of all include the mandatory list of markets specified in Appendix № 1 to the Standard; the list should either follow the prescribed numerical values of the targets, or should set values adjusted to the regional specifics as agreed by the Collegial Body.
6. Apart from the markets listed in Appendix 1 to the Standard, the list of socially important markets may include a supplementary list drawn with regard to regional specifics.
7. The List shall be compiled on the basis of the following data:
 - ✓ information provided by the FAS regional branch on the basis of their analysis of regional product markets and their antimonopoly control exercises;
 - ✓ regional social and economic performance indicators;
 - ✓ investment priorities set forth in the regional investment strategy;
 - ✓ findings of analytical studies and surveys of businesses; consumers of goods and services and consumer protection associations, including the results of surveys that monitor administrative obstacles; surveys of the perception of competition among businesses; and surveys that monitor consumer satisfaction.
8. Information about the development of the draft List and the draft List itself shall be posted at the official website of the Authorized Body. Businesses, consumers of goods and services and consumer associations shall be able to submit comments and suggestions on the draft List, with these to be incorporated in the finalized version of the List.
9. The draft List shall be reviewed and agreed by the Collegiate Body, and then approved by the regional top executive (head of the supreme executive authority of the region).

Requirement 4

Design of the action plan (roadmap) to promote competition in the region

1. The roadmap is an instrument to plan competition promotion activities of regional authorities; the roadmap shall be approved by the regional top executive (head of the supreme executive authority of the region).
2. The roadmap shall be designed on the basis of the findings of the monitoring survey of the condition and development of the competitive environment in markets of goods and services in the Region of the Russian Federation (Requirement 5 of the Standard).
3. The regional government authorities shall:
 - ✓ identify processes needed to implement competition development requirements;
 - ✓ prescribe the sequencing and interaction of these processes, and their hierarchy;
 - ✓ determine criteria and methods essential for achieving effectiveness and efficiency of these processes in their implementation and management;
 - ✓ supply resources and information to support these processes and their monitoring;
 - ✓ define the principles and procedures for cooperation among regional and municipal authorities in the process of roadmap implementation;
 - ✓ monitor, measure and analyze these processes;
 - ✓ take measures to achieve planned outcomes and to continuously improve these processes.
4. The roadmap must include the following activities by regional government authorities:
 - ✓ activities to promote competition in each of the approved socially important markets of the region;
 - ✓ activities to promote competition in each of the approved priority markets of the region;
 - ✓ systematic activities aimed at the development of the competitive environment in the region, including:
 - a) optimization of public procurement procedures:
 - establish a uniform procedure to procure goods, works and services by economic agents fully or partially owned by the regional government, with a view to eliminating (reducing) sole source procurement and instead using competitive bidding procedures (tenders, auctions) and uniform requirements for procurement procedures;
 - put in place a mechanism to assist contract givers and bidders in getting electronic signatures, bid preparation, and legal support for order placement (bidding) procedures;
 - implement centralized procurement, specifically for the areas of education, health, and culture, and for sports institutions;
 - b) elimination of excessive government regulation and reduction of administrative barriers:

- review the current practices of exercising regional and municipal government functions and services for their consistency with Articles 15 and 16 of Federal Law № 135-FZ of 26 July 2006 On the Protection of Competition;
- make free those regional-level public services that are essential for doing business;
- streamline the delivery of regional-level and municipal-level public services for businesses by shortening waiting times and lowering their cost;
- include clauses related to competition impact analysis in the procedures for regulatory impact assessment of draft regional legislation, as well as the regulations and expert reviews of regional legislation and regulations set forth pursuant to Federal Law N 176-FZ of 2 July 2013 “On making adjustments to the Federal Law On the General Principles of Regional Legislative and Executive Government Bodies in the Russian Federation and Articles 7 and 46 of the Federal Law On the General Principles of Local Self-Government in the Russian Federation in relation to regulatory impact assessment of draft laws and regulations and expert reviews of laws and regulations”, and also in respective prescribed analytical toolkits (instructions, forms, Standard and other tools);

c) enhancement of regional government property management and restriction of government enterprises’ impact on competition:

- approve and implement a comprehensive plan (program) for the management of government enterprises and institutions, of joint stock companies with government stakes, of government non-profit organizations authorized to engage in business operations; this plan (program) shall include targets for government stakes (public sector size) in various sectors of the economy; a privatization plan (program) for government unitary enterprises and for government stakes in public joint stock companies with a view to developing competition; an action plan to limit the impact of government enterprises on market competition;

d) encouragement of new business initiatives via educational events providing opportunities for finding, selecting and training potential entrepreneurs;

e) ensuring equal access to information about sales of regional government property and any resources owned by the regional government, including via issuing a regional government regulation obliging respective authorities to make this information public (including posting it at the official website of the Authorized Body).

5. Roadmap activities shall cover all the regional government activities within their purview that may directly or indirectly affect the development of competition in the regional economy.

6. Roadmap activities shall ensure achievement of competition development targets in the goods and services markets in the region, as set forth in the Roadmap.

7. The roadmaps should primarily include free-standing activities excluded from the action plans in other strategy and policy documents of the regional government. Activities planned in other appropriately approved federal and (or) regional-level strategy and policy documents that may affect competition in the region shall be an integral addition to the roadmap activities, and these should be listed in an Addendum to the roadmap.

8. Each regional executive authority responsible for roadmap activities should have its own departmental action plan for implementation of these activities. This plan should specify timelines and targets (results) to be achieved separately by each activity and in total.
9. The roadmap shall be reviewed and agreed by the Collegial Body and approved by the regional top executive (head of the supreme executive authority of the region).
10. The roadmap and progress reports, including progress reports on individual activities, shall be posted at the official website of the Authorized Body.

Requirement 5

Monitoring of the condition and development of the competitive environment in markets of goods and services in the Region of the Russian Federation

1. The Authorized Body shall annually organize monitoring of the condition and development of the competitive environment in markets of goods and services in the Region of the Russian Federation (hereinafter - Monitoring).
2. The Monitoring shall include:
 - a) monitoring of administrative barriers and assessment of the competitive environment by businesses:
 - classification of businesses into groups (small, mid-sized and large businesses) and into economic activities (names of markets where economic agents operate);
 - collection and compilation of data that is representative of the region and of perceptions among various business segments as to the condition of competition and its development;
 - collection and compilation of data that is representative of the region and of perceptions among various business segments as to the level (existence) of administrative barriers in all areas of regulation and their evolution, including data on the number of complaints made to oversight authorities and changes in the volume of these compared with the previous reporting period;
 - b) monitoring of consumer satisfaction with the quality of goods in regional product markets and with the state of price competition:
 - classification of consumers of goods and services into groups according to their social status (students, senior citizens, etc.);
 - collection of data on the satisfaction among direct consumers (those who bought this product or service in the period under review) with regard to the quality of goods and services, including data on consumer complaints to oversight authorities and changes in the volume of these compared with the previous reporting period;
 - collection of data on consumer perceptions and the evolution of those perceptions with regard to price competition among sellers of goods and services in the region;

c) monitoring of the satisfaction of businesses and consumers of goods and services with regard to the quality (availability, readability and ease of access) of official information about the state of the competitive environment in regional goods and services markets and on regional competition promotion activities, as posted by the Authorized Body;

d) monitoring of local and regional-level natural monopoly operations:

- making a list of markets where local and regional-level natural monopolies are present;
- collection of data on competition development and satisfaction with the quality of goods and services in the identified market, and of businesses operating in related markets, and of consumers of goods and services provided by natural monopolies.

3. In its Monitoring exercises, the Authorized Body shall use the following data sources:

- ✓ findings of business and consumer surveys taken by the Authorized Body, and national business and consumer associations;
- ✓ business and consumer complaints about the quality of the competitive environment made to regional government authorities, non-governmental and political organizations, and business and consumer associations;
- ✓ information about the performance of the regional branches of the federal government authorities, i.e., the Federal Antimonopoly Service of Russia (FAS), consumer protection watchdog the Federal Service on Supervision of Consumer Rights Protection and Well-Being of Citizens (Rospotrebnadzor), the Federal Service of State Statistics (Rosstat) and others;
- ✓ information from research and analytical centers, expert assessments of markets and sectors of the regional economy, data submitted by economic agents, and other data, including data published in mass media;
- ✓ information received as a result of social control of natural monopolies;
- ✓ information received as a result of enforcement activities by FAS regional branches about the share (percentage) of FAS regional branch decisions challenged in court, and the share (percentage) of their decisions that took legal effect, broken down by sectors and by economic activities.

4. Data received in the course of monitoring of administrative obstacles and in the course of business surveys of competition perceptions and in the course of customer satisfaction monitoring surveys must be included in the list of performance indicators for regional government authorities, and must have the status of key (top tier) indicators for any performance analysis and during the making of conclusions and suggestions to improve the performance of regional government authorities.

5. Data on the results of administrative barrier monitoring surveys and business surveys of competition perceptions, and also of consumer satisfaction monitoring surveys, are mandatory in order to inform the process of operational analysis and planning of activities to promote competition, and to set competition indicators for the next period.

6. Based on findings made during monitoring, and drawing on the analysis of data from other sources, the Authorized Body shall annually produce a report on the Condition and Development

of the Competitive Environment in Markets of Goods and Services in the Region of the Russian Federation (hereinafter – the Report); this Report shall contain:

- ✓ a description of the condition of competition in priority and socially important markets, including an analysis of factors limiting competition;
- ✓ data received in the course of administrative barrier monitoring surveys and business surveys of the perception of competition, and also in the course of consumer satisfaction monitoring surveys;
- ✓ an analysis of the effectiveness and efficiency of regional government authorities in their competition promotion activities, including evaluation of their progress with the roadmap, and achievement of competition targets in the region;
- ✓ proposals on how to improve the performance of regional government authorities in promoting competition in the region.

7. The Report shall be reviewed and approved by the Collegial Body, and shall be posted at the official website of the Authorized Body.

8. The materials of the Report shall be used by FAS of Russia to compile its annual report on the state of competition in the Russian Federation.

9. On the basis of the proposals to improve competition promotion in the region set out in the Report, the Collegial Body shall make proposals to adjust the Roadmap.

Requirement 6

Establishment and implementation of mechanisms of public control over the activities of natural monopolies

1. Regional government authorities must ensure control over information disclosure in line with the existing standards, as well as control over the forms of information disclosure with regard to natural monopoly operations in the region, and must also ensure public control over the regional regulators of natural monopolies. As prescribed by law this information shall be disclosed at the website designated by the Government of Russia, including by means of links to the above information posted at the official websites of the regional government authorities, including the web portal presenting the region's investment opportunities.

2. Regional government authorities must ensure control of information disclosure by the natural monopolies according to current Russian legislation.

Natural monopolies operating in the region shall publish information about their activities, including:

- ✓ their operations and pipeline investment programs in the region;
- ✓ results of the technological and price audits of their investment programs, specifying the auditors and details of the contract with the auditors (specification, contract price, maturity date of the contract milestones);

- ✓ structure of natural monopoly tariffs, quality and reliability of services provided, service standards and service delivery procedures;
 - ✓ other information to be disclosed pursuant to current Russian legislation.
3. The depth of information disclosure must ensure transparent pricing of natural monopoly services, and also to contain information on the consistency of the investment programs with the regional and municipal plans of territorial development.
4. Regional government authorities must ensure the establishment and implementation of mechanisms of public control over the activities of natural monopolies. This framework shall provide for mandatory recognition of opinions of consumers of goods and services provided by natural monopolies in the course of tariff regulation, and also while agreeing and approving investment programs of natural monopolies, spatial development plans of regions and municipalities, master plans of settlements and urban districts. For this purpose, regional government authorities must launch public information campaigns to communicate this information to all stakeholders.

Requirement 7

Improving awareness among businesses and consumers of goods and services as to the Condition and Development of the Competitive Environment in Markets for Goods and Services in the Region of the Russian Federation

1. The official websites of the regional government and the web portal presenting the region's investment opportunities shall publish information (complete with appropriate clarifications) about compliance with the requirements set forth in this Standard, and the progress on the roadmap, and also any documents generated in compliance with the Standard requirements and the roadmap with a view of promoting competition in the region.

Information about regional government efforts to promote competition in the region shall also be published in printed and online media, and in television and radio programs.

2. Business and consumer associations, and consumers of goods and services involved in the mechanisms of public control over the activities of natural monopolies should be represented, including through publishing their views on the official website of the Authorized Body, and in particular:

- ✓ information about their competition promotion and business/consumer protection activities;
- ✓ their opinion on documents and information posted at the official websites of regional government authorities;
- ✓ questions and suggestions addressed to the regional top executive (head of the supreme executive authority of the region), and regional government authorities.

APPENDIX 1
to the Standard for Competition Development in the
Regions of the Russian Federation

ROADMAP TARGETS

No	Activity goals	Targets
I. For industry-specific activities aimed at developing a competitive environment in socially important markets of the region		
1. Market of pre-school education services		
1.1.	<p>To create conditions for the development of competition in the market of pre-school education services</p> <p>To develop the sector of private pre-school (including educational) institutions</p>	<p>The share of private pre-school educational institutions in the total number of pre-school educational institutions in the region should be at least 3 percent by 2016</p> <p>The share of private pre-school educational institutions subsidized from the regional budget in the total pre-school educational institutions who applied for a regional budget subsidy should be 100 percent in the region in 2014</p>
2. Market of medical services		
2.1.	<p>To create conditions for the development of competition in the market of medical services</p> <p>To develop the sector of private health care institutions</p> <p>To include private health care institutions in the territorial Mandatory Medical Insurance programs of government guaranties</p>	<p>The share of private health care institutions included in the territorial Mandatory Medical Insurance programs of government guarantees shall be at least 50 percent by 2016</p>
3. Market of housing and utilities services		
3.1.	<p>To create conditions for the development of competition in the market of housing and utilities services</p> <p>To develop the sector of private (non-municipal) management companies for apartment buildings</p>	<p>The share of private (non-municipal) management companies in the total number of management companies for apartment buildings in settlements with over 100,000 residents should be at least 90 percent in the region by 2016</p>

№	Activity goals	Targets
3.2.	<p>To create conditions for the development of competition in the housing and utilities market</p> <p>To develop the sector of private (non-municipal) service providers in electricity, gas, heating, water supply, sewerage and sewage treatment, as well as operators of waste deposits who own, rent or operate communal infrastructure on the basis of a concession agreement</p>	<p>The share of energy, heating, water supply, sewerage, sewage treatment and waste deposit facilities given over by regional and (or) municipal authorities to private (non-municipal) entities as a concession or as a long-term (beyond one year) lease, should be at least 50 percent by 2016</p>
4. Retail trade		
4.1.	<p>To create conditions for the development of competition in the retail trade market</p> <p>To ensure conditions for retail trade in retail markets and fairs (including by means of putting in place logistics infrastructure for retail trade)</p>	<p>The regions where the share of retail trade in retail markets and fairs was under 20 percent in the total retail trade turnover (in actual prices) in 2012 should achieve at least 5 percent of annual growth in the share of retail trade carried out in retail markets and fairs in the total retail trade (in actual prices) in 2013-2016</p> <p>The share of economic agents in the total number of respondents who believe that the competitive environment in retail trade has improved over the past year</p> <p>The share of economic agents in the total number of respondents who believe that anti-competitive actions of regional and municipal authorities have declined over the past year</p>
4.2.	<p>To create conditions for the development of competition in the retail trade market</p> <p>To ensure that households can shop in neighborhood retailers</p>	<p>The share of neighborhood retailers' sales in overall retail trade turnover (in actual prices) in municipalities should be at least 20 percent of the total retail trade turnover of the region by 2016</p>
4.3.	<p>To create conditions for the development of competition in the retail pharmaceuticals market</p> <p>To reduce government presence in the retail pharmaceuticals market down to the minimum level required for enforcement of narcotic control legislation</p>	<p>The share of private pharmacy retailers in the total number of pharmacy retailers in the region should be at least 90 percent by 2016</p>

№	Activity goals	Targets
5. Market of surface passenger transport		
5.1.	To create conditions for the development of competition in the market of surface passenger transport	The share of private inter-municipal surface passenger transport operators in the total number of inter-municipal surface passenger transport operators in the region should be at least 75 percent by 2016
5.2.	To develop the sector of private inter-municipal surface passenger transport operators	The share of inter-municipal routes of surface passenger transportation featuring private transport operators in the total number of inter-municipal routes of surface passenger transportation in the region should be at least 75 percent by 2016
5.3.		The share of inter-municipal surface passenger transport runs by private operators in the total number of inter-municipal surface passenger transport runs in the region should be at least 50 percent by 2016
6. Market of communication services		
6.1.	To create conditions for the development of competition in the broadband market	The share of households with access to wire or mobile broadband of at least 1 (one) Mbyte/s, from at least two communications operators and (or) providers, should be at least 60 percent by 2016
II. For systemic region-wide activities to develop competition in the region		
1.	To develop competition in public procurement	The share of government contracts (in terms of price) awarded via open tenders or auctions with SMEs participating in the total number of public contracts in the region should be at least 25 percent by 2016

№	Activity goals	Targets
2.	<p>To enhance regional government property management</p> <p>To limit the impact of government-owned enterprises on competition</p>	<p>The share of privatized property of government unitary enterprises in 2013-2016 (excluding defense and national security entities and those on the list of strategic enterprises) in the total number of government unitary enterprises (excluding defense and national security entities and those on the list of strategic enterprises) operational in the region in 2013-2016 shall be at least 75 percent by 2016</p>
3.		<p>The share of the number of companies with fully privatized shares (stakes) in 2013-2016 in the total number of companies with government stakes operational in the region in 2013-2016 should be at least 75 percent by 2016</p>