

### FEATURES OF THE IMPLEMENTATION OF THE FINANCIAL AND LEGAL STATUS OF MUNICIPALITIES, INCLUDED IN URBAN AGGLOMERATIONS

**Svetlana M. Mironova**

*Volgograd State University, Volgograd, Russia*

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The subject of research is financial legal issues of the development of urban agglomerations. The purpose of the article is to confirm or refute hypothesis that the primary financial support for urban agglomerations is carried out at the federal level, based on federal programs for the development of the road network. Hence, municipalities that are part of urban agglomerations receive federal inter-budget transfers aimed at the development of roads and road infrastructure as the most critical link for the development of agglomerations.

The methodology The methodological basis of the research is formal-logical analysis of federal, regional, and municipal legal acts, methods of statistical analysis, generalization and synthesis are also used.

The main results and scope of their application. Urbanization of territories, urban population growth leads to the development of urban agglomerations. This phenomenon has been known for a long time, in foreign countries urban agglomerations are successfully developing. The formation of urban agglomerations is called one of the possible forms of regulation of intergovernmental relations. The Russian model for the development of agglomerations so far follows the path of allocating inter-budget transfers from the federal budget.

Agglomeration development is possible only with the interaction of all municipalities included in its composition, and the coordination of their actions, coordination of the regulatory framework of municipalities, including those aimed at optimizing budget expenditures. In this regard, the regulatory legal acts of the municipalities included in the agglomeration must reflect requirements for inter-municipal cooperation, including the financing of agglomeration development projects.

Because the primary financing of the road sector is carried out through road funds, it is concluded that there is a need for effective financial control over the spending of road funds, including using new information technologies. Shortcomings of introducing a publicly accessible information-analytical system for monitoring the formation and use of road funds are noted, and suggestions are made for improving the information system to implement the principle of openness (accessibility) of data on budget spending.

Conclusions. The tendency of the territorial association of municipalities in the agglomeration, on the one hand, is due to the requirements of the time and follows the experience of many foreign countries. On the other hand, in the absence of sufficient regulatory regulation of agglomeration processes, most of the financial support for the development of agglomerations is carried out from the federal center. Road funds act are the source of financing the development of urban agglomerations, since the development of the transport system of urban agglomerations should be called one of the priority projects at the federal level, which is carried out at the expense of the federal budget. The conclusion is drawn on the need for effective financial control over the expenditure of funds of road funds, including the use of new information technologies.

## 1. Introduction

One of the options for solving the issue of interaction between municipalities, combining their financial resources in order to solve local issues, is the consolidation of municipalities, which has been taking place in Russia in recent years. Theory and practice continue to search for possible forms of financial and budgetary interaction between municipalities. Urban agglomerations may be one of these forms. In the literature, the formation of urban agglomerations is called one of the possible forms of settlement of inter-budgetary relations [1, p. 146]. Despite the fact that the financial and legal mechanism for the development of urban agglomerations is not yet legally fixed, it is necessary to assess the prospects for such legal regulation for the development of territories.

The urbanization of territories and the growth of the urban population leads to the development of urban agglomerations. This phenomenon has been known for a long time, and urban agglomerations are successfully developing in foreign countries. Thus, France has 1,268 inter-municipal associations with their own taxation (instead of 2,134 in 2015), which include 15 urban areas, 14 urban communities, 219 agglomeration communities and 1,019 communes [2]. At the same time, foreign experience shows that the construction of agglomerations does not always achieve the financial results that were set. For example, merging municipalities into the Toronto Metropolitan area did not have a significant impact on Toronto's financial stability or its ability to cope with financial crises, and did not contribute to cost savings, despite the positive effect of increasing access to the tax base of small municipalities [3].

In addition to the traditional factors of agglomerations development in Russia, individual projects, such as the far Eastern hectare project, affect the development of agglomeration territories. Citizens actively use the granted right to allocate land plots in the far East and prefer to design land plots compactly, near localities or attractions: this is how compactly located groups of plots – agglomerations of "far Eastern hectares" appear. There are about 80 such agglomerations on the map of the Far East. The first settlement was created on the basis of the agglomeration of "far Eastern hectares" - the village of far Eastern in the Khabarovsk territory.

Thus, the development of agglomerations is a promising direction for the territorial development of Russia, which determines the study of financial and legal aspects related to inter-municipal cooperation between municipalities that are part of agglomerations.

## 2. Legal regulation of urban agglomerations in Russia.

In Russia, despite long-standing prerequisites for agglomeration development, there is still no clear concept of agglomeration development, and many legal issues have not been resolved. At the same time, issues of agglomerations development are raised at the highest level. So, back in 2012, in his program article "On our economic tasks", Vladimir Putin pointed out the need to expand the "agglomeration radius" of our cities by 1.5-2 times. The President of the Russian Federation also addressed the need to develop agglomerations in 2016. Separate directions of agglomerations development were fixed earlier. For example, the Program for the development of budget federalism in the Russian Federation

for the period up to 2005 referred to the need to change Federal legislation to take into account the specifics of local self-government in urban agglomerations .

The strategy of economic security of the Russian Federation for the period up to 2030 calls creating conditions for the development of urban agglomerations one of the main tasks in implementing the direction of balanced spatial and regional development of the Russian Federation and strengthening the unity of its economic space . The state policy framework for regional development of the Russian Federation for the period up to 2025 sets out the tasks for the development of urban agglomerations . Special attention is paid to the development of large and major urban agglomerations in Russia by the spatial development Strategy of the Russian Federation for the period up to 2025 .

Interest in the development of urban agglomerations has also increased in the scientific community. As it is rightly noted in the literature, constitutional and legal regulation in the field of territorial organization of the state has not kept pace with the changing reality [4, p. 88]. At the same time, "at present, the regulation of agglomerations is associated not so much with the development of agglomerations themselves as with obtaining financing; budget financing should not be the goal of legal regulation" [5, p. 10-11].

Due to the lack of legal consolidation of the term agglomeration in Federal legislation, various definitions are given in the scientific literature. N. R. Izhguzina classified them most fully in her research, which provides 45 different definitions of agglomeration, and also proposes to introduce such a definition in the Urban planning code of the Russian Federation [6]. While acknowledging the argument that the definition in the Federal law of the term

"agglomeration" for the sake of definition is not very appropriate, rather, we should talk about the need for comprehensive changes to certain laws (town planning code of the Russian Federation, the Budget code of the Russian Federation, Federal law No. 131-FZ, etc.), collectively aimed at the development of agglomerations.

The spatial development strategy of the Russian Federation for the period up to 2025 defines a large and largest urban agglomerations as a set of compactly located localities and territories between them, connected by the joint use of infrastructure facilities and United by intensive economic, including labor, and social ties." For a large agglomeration, the total population varies from 500 thousand to 1 million people, for the largest-more than 1 million people. Definitions of agglomeration can also be found in regional legal acts.

### **3. Financial and legal mechanisms of agglomerations development.**

What financial mechanisms for the development of urban agglomerations does the current Russian legislation provide?

Analysis of legal acts of all three levels of government (Federal, regional and local) shows that most of the issues related to the financial provision of urban agglomerations are concentrated at the Federal level. Inter-budget transfers allocated from the Federal budget for the development of agglomerations are currently one of the tools for the growth of cities and territories.

At the same time, such a tool cannot be considered sufficient; it is more appropriate to use it together with other opportunities, both within the framework of inter-municipal cooperation through co-financing of expenditures, and through the use of budget investments

[7-8]. The combination of budget investment and public-private partnership tools [9-11] will increase the efficiency of interaction between municipalities.

Due to the fact that transport accessibility is an important issue in the development of agglomerations, the movement of residents between municipalities that are part of the agglomeration, at the Federal level, there are programs aimed at developing this issue. The Transport strategy of the Russian Federation defines the development of transport systems in large urban agglomerations as the goal of "Forming a unified transport space of Russia on the basis of balanced advanced development of effective transport infrastructure". In 2016, the priority project "Safe and high-quality roads" was approved, including those aimed at improving the regulatory state of the road network of 34 urban agglomerations with a population of more than 500 thousand people each. Subsequently, the Presidium of the Council under the President of the Russian Federation for strategic development and national projects approved the Passport of the national project "Safe and high-quality roads" (Protocol of 24.12.2018 N 15), on the basis of which normative acts of the regional level are adopted. The need to develop the road network of urban agglomerations is also mentioned in other programs.

Thus, the development of the transport system of urban agglomerations should be called one of the priority projects of the Federal level, which is carried out at the expense of the Federal budget. The project "Safe and high-quality roads" is financed from the road Fund. In the scientific literature, the study of road funds is mainly carried out through the prism of payments that form them. This topic has become especially relevant after the introduction of fees for

heavy-duty vehicles (Platon system) [12-13]. And only a few studies are devoted to the functioning of road funds in General [14-16].

Currently, it is road funds that act as a source of financing for the development of urban agglomerations. In this regard, it is necessary to implement effective financial control over the expenditure of road funds, including the use of new information technologies.

At the meeting of the presidential Council for strategic development and priority projects (Protocol No. 2 of September 21, 2016), it was decided to introduce in 2017 a publicly accessible information and analytical system for monitoring the formation and effectiveness of the use of road funds (SKDF). This system should provide opportunities for monitoring compliance by the subjects of the Russian Federation with the requirements of budget legislation in terms of sending funds to road funds from the provided sources in full; contain information about the planned spending directions of the relevant road funds, including procurement plans for road works, including object-specific lists of sections of the road network and other objects in respect of which it is planned to carry out these works; contain information about completed road works, including information about warranty obligations of contractors.

At the same time, despite the mention of the operation of this service in test mode, as of January 1, 2020, the [dorfond.rf](http://dorfond.rf) website is not available, and no information about the possible operation of this system in 2018-2019 is contained on the website of the Ministry of transport, as well as in other sources.

In the Passport of the Federal project "system-wide measures for the development of the road sector" in 2019, the planned implementation of the system CCDF, the responsible organization for the implementation

of the entry of 100% of public roads of the Russian Federation until December 31, 2019 appointed FAU "Rosdornii", scheduled training to operate the system (guidance developed by the FAA "Rosdornii" ). Currently, data is being collected by regions and municipalities to form the SKDF system. Current SKDF website (<https://sso.roadup.ru>) is uninformative and does not allow a third-party user to log in.

Thus, due to the fact that the costs of road repairs and reconstruction are significant budget expenditures, and this area of activity is closed, which leads to a large number of violations noted by control and accounting bodies, including the accounting chamber of the Russian Federation, it is necessary to assess the importance of this project , since the introduction of such an information system will allow for more open (transparent) spending of part of the budget funds [17], which is aimed at effective budget spending, including at the level of municipalities. In this regard, it is necessary to provide access to such sites and the information contained on them.

#### **4. Forms of financing projects for the development of the road network in urban agglomerations.**

Financing of projects on development of road network in urban areas is in the form of other inter-budget transfers, the distribution of which is approved by the Decree of the RF Government . Transfers are provided on the basis of an agreement concluded by the Federal road Agency and the highest Executive authority of a subject of the Russian Federation. The rules for the provision and distribution of other inter-budget transfers establish that the distribution of transfers takes into account the population of the largest urban districts of urban agglomerations. At the same time, the subjects of the Russian Federation must fulfill a number

of obligations, such as: achieving the values of target indicators of programs set for the reporting period; targeted use of other inter-budget transfers provided; co-financing by the region of expenditures in an amount equal to another inter-budget transfer.

For example, in 2017, a total of 30 billion rubles were distributed among 34 urban agglomerations. The Republic of Tatarstan (over 1.8 billion rubles), the Samara region (1.8 billion rubles) became the leaders in terms of the transfer, and several regions received 1.2 billion rubles each (Volgograd, Kemerovo, Nizhny Novgorod, Rostov, and Sverdlovsk regions).

The Ministry of Finance of the Russian Federation in its letter dated 04.04.2017 No. 02-05-11/19638 explains that the provision by the subjects of the Russian Federation at the expense of the Federal budget of other inter-budget transfers to local budgets for these purposes according to the Rules is not provided. At the same time, regional programs provide for such subsidies.

For example, the program for the integrated development of transport infrastructure in the Tyumen region's urban agglomeration provides subsidies from the regional budget to the budgets of municipalities in the Tyumen region for: construction of road facilities; reconstruction, major repairs or repairs of road facilities necessary to address local issues; preparation (correction) of project documentation and (or) performance of engineering surveys for the construction, reconstruction and overhaul of road facilities, conducting state expertise of project documentation and (or) results of engineering surveys of these facilities." The procedure for granting subsidies and other inter-budget transfers to local budgets, approved by the Decree Of the government of the Tyumen region dated 28.12.2007 No. 348-p.

In the Saratov region, both subsidies and

other inter-budget transfers are provided to urban districts and settlements within the boundaries of the urban agglomeration. For example, in 2017, other inter-budget transfers were provided to the city of Engels .

The implementation of the national project "Safe and high-quality roads" contributes to the development of regional legislation, since without its adoption, regions will not be able to participate in the program and receive funding. In 2019, the regional legislation regulating the procedure for providing inter-budget transfers to local budgets from regional budgets for road activities was updated .

At the same time, legislation on agglomerations is developing at a faster pace in some regions of the Russian Federation. As of January 1, 2020, two regions of the Russian Federation – the Tomsk and Belgorod regions- have adopted special laws on urban agglomerations.

The Tomsk region has adopted a number of legal acts aimed at the development of agglomerations. Let's look at what financial issues are regulated by these acts. First of all, They should include the law of the Tomsk region of 10.04.2017 No. 23-OZ "on the development of agglomerations in the Tomsk region", which defines agglomerations: "a group of municipalities of the Tomsk region, United within their defined borders based on their geographical location and socio-economic interests for the development of economic, labor, transport, scientific, educational, cultural, recreational and other ties in order to improve the quality of life of the population, improve the conditions for conducting economic activities, and implement major infrastructure projects". The boundaries of the Tomsk agglomeration are not indicated in this law.

The law of the Tomsk region on

agglomerations defines the activities of state authorities of the Tomsk region to Finance agglomeration projects (programs). But these issues are almost not disclosed. Features of financing agglomeration projects (programs), stipulated by article 10 of the Law, are in fact reference rules to the current legislation, which does not yet establish a mechanism for financing agglomerations .

One of the important links in the urban agglomeration is transport accessibility for residents, which was reflected in the concept of "agglomeration" in another law of the Tomsk region: "agglomeration - a set of territories of municipalities "city of Tomsk", "City district - a closed administrative-territorial formation of Seversk of the Tomsk region", "Tomsk district", due to transport accessibility" . The law of the Tomsk region of 30.12.2014 No. 199-OZ "on measures of social support for certain categories of citizens..." is aimed at solving a specific issue related to the development of agglomerations, namely, payment for public transport within the agglomeration for certain categories of citizens on the basis of a single social travel ticket (ESP). Article 6 of this law provides that expenditures are financed from the regional budget. Carriers that transport citizens on the basis of a social travel card are provided with subsidies for reimbursement of costs. The procedure for granting subsidies was approved by The decree of the Tomsk region Administration .

Inter-budget transfers from the regional budget (in the form of other inter-budget transfers) are provided for financial support of road activities in the Tomsk agglomeration . The procedure for providing them was approved by the Decree Of the administration of the Tomsk region. For example, in 2018, it is planned to allocate other inter-budget transfers to the city of Tomsk and the city of Seversk. Tomsk district did not receive such transfers . Inter-budget

transfers are provided from the regional budget and the road Fund. In addition to other inter-budget transfers to municipalities of the Tomsk region for financial support of road activities in the Tomsk agglomeration, subsidies can be allocated from the road Fund.

Thus, the Tomsk region not only participates in Federal programs for the development of urban agglomerations, receiving funds from the Federal budget, but also provides its own financial support measures to address these issues.

It is obvious that agglomeration development is possible only if all the municipalities that make up the agglomeration interact and coordinate their actions, as well as coordinate the legal framework of municipalities, including those aimed at optimizing budget expenditures. In this regard, it is important that the legal acts of municipalities that are part of the agglomeration reflect the requirements for inter-municipal cooperation, including the financing of projects for the development of the agglomeration.

## 5. Conclusions.

The trend of territorial unification of municipalities in agglomeration, on the one hand, is due to the requirements of time and follows the experience of many foreign countries. On the other hand, in the absence of sufficient regulatory regulation of agglomeration processes, most of the financial support for the development of agglomerations is provided from the Federal center. Just as, for example, in the Brazilian model of urban agglomerations management, the capital of the financial Fund is formed at the expense of state budget transfers [18, p. 135], the Russian model is still on the path of allocating inter-budget transfers from the Federal budget to certain issues of

agglomerations development. Regional and municipal practice, in the absence of proper budgetary regulation of the pooling of financial resources, is usually limited to agreements under which each of the municipalities provides funding to the extent that this applies only to this municipality. In other words, it is difficult to talk about pooling financial resources within an agglomeration.

Currently, road funds are used as a source of financing for the development of urban agglomerations, since the development of the transport system of urban agglomerations should be called one of the priority projects at the Federal level (the project "Safe and high-quality roads"), which is carried out at the expense of the Federal budget.

In this regard, there is a need for effective financial control over the expenditure of road funds, including the use of new information technologies. It should be noted the disadvantages of implementing a publicly available information and analytical system for monitoring the formation and use of road funds (SKDF), the task of creating which was outlined by the President of the Russian Federation in 2016. On the one hand, it is possible to assess positively the creation of the SKDF as a system that provides opportunities to monitor compliance by the subjects of the Russian Federation with the requirements of budget legislation in terms of sending funds to road funds from the provided sources in full; it contains information about the planned spending directions of the relevant road funds, including procurement plans for road works and a number of other information necessary for effective control over the expenditure of budget funds. At the same time, due to the problems of not saving information on sites due to the end of the period of support for such sites, it is advisable to fix in the

legislation a provision on the need to extend to sites that host such information (creating such an information system) the same legal status as the sites of state authorities and local governments.



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## INFORMATION ABOUT AUTHOR

**Svetlana M. Mironova** – PhD in Law, Associate Professor; Associate Professor, Department of Constitutional and Municipal Law  
*Volgograd State University*  
100, Universitetskii pr., Volgograd, 400062, Russia  
e-mail: Smironova2017@gmail.com  
ORCID: 0000-0001-5288-2568

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