WASHINGTON (Reuters) - U.S. Secretary of State Condoleezza Rice said on Monday the "last thing" she wanted was the concentration of Russian political power in the Kremlin.

Rice spoke as Russian President Vladimir Putin threw his support behind his long-time ally Dmitry Medvedev to succeed him, preparing the way for Putin to exercise power from behind the scenes after he leaves the presidency next year.

Putin, who will step down after two consecutive terms, has been accused by rights groups, foreign policy analysts and Western governments of presiding over a dramatic increase in the Kremlin's influence and an erosion of civil liberties.

"The last thing that you want is no separation of powers among various entities because -- I don't care who is in the Kremlin -- if all power is in that presidency, then you are going to have a problem for democratic development," Rice said, answering a question after a speech to a women's foreign policy group.

Rice was not specifically asked about Putin's decision to back Medvedev to succeed him.

Markets see Medvedev, a 42-year-old first deputy prime minister and chairman of gas giant Gazprom, as business-friendly and less hawkish than his Kremlin peers, but analysts believe Putin will be the real power.

Putin's choice ended years of speculation and put Medvedev in pole position to win a March 2 presidential election because most Russian voters say they are prepared to back whomever the popular Putin endorses.

(Writing by Arshad Mohammed)