Strategic Planning and Management 
in the Cities of the Russian North and the Arctic

Strategic planning and management in the municipalities of the Russian Federation are still regarded as innovative practices, despite almost three decades of international and more than one decade of domestic experience using these tools of territorial development. Today approximately one third of Russian cities with populations over 20,000 have strategic planning documents, and other elements of strategic management have begun to be implemented as well. In the Russian North, where there are many single-industry towns, the application of strategic management at the municipal level is particularly relevant as an important way for overcoming the negative trends associated with depopulation, and other socioeconomic and environmental problems. Such strategic management is also crucial in achieving sustainable development goals in the vast area of the Russian North and the Arctic [1, pp.45-47; 2, pp. 42-48].

In the Russian Federation, the implementation of strategic management at the municipal level has certain peculiarities, mainly due to the fact that the subjects of management here are local governments that are not included in the state governmental system. The institution of local self-government has a dual nature; on the one hand, it is a form of public authority, and on the other hand it is an institution of civil society that provides self-management for local communities.

In recent years the development of strategic planning documents at the municipal level in Russia was not particularly common, though it is quite widespread in municipalities with the status of urban districts (gorodskoi okrug). About a third of Russian cities use one or another form of strategic planning, in addition to having their respective strategic documents (strategies or concepts of social and economic development, strategic plans or integrated programs). Additionally, strategic development plans have begun to be developed in municipalities with a two-tier structure, i.e. municipal districts and urban communes included in the municipal districts. It should be noted that in the municipal districts and urban communes, due to the division (and in some cases overlap) of powers among their governing bodies within the same territory, contradictions appear between these governance structures. These divisions impede not only strategic planning and long-term development management, but also the resolution of current issues.

**Strategic Plans**

Municipal districts often have strategic plans because they are required by higher-standing regional authorities. Municipal districts in fact largely function as administrative and territorial units of the Russian Federation’s 83 regions, and their bodies largely continue to function as territorial bodies of the regional government, as it was in Soviet times. Despite the constitutional principle mandating independent
local self-government, centralizing policies carried out over the last decade have actually ‘embedded’ the local authorities in the power vertical, hierarchically linking the federal, regional, and local governments both economically and politically [3, p. 11]. The growth in the number of municipalities in Russia practicing strategic planning is the result of the influence of requirements from the federal government towards regional authorities and other state governing bodies. Since 2007, laws and a number of other documents require the adoption of plans. As a result, to date, practically all the regions and republics of the RF have strategies for socio-economic development.

Obstacles to Planning
Along with the factors that motivate cities and municipal districts to develop strategic planning and management, there are many obstacles to the use of these technologies at the municipal level. First of all, obstacles are associated with the difficulties in establishing local self-government in Russia – institutional, economic, and personnel-related. The disbalance between the functions imposed on local self-government and the available resources to implement these mandates, particularly the lack of finances, makes the municipalities heavily dependent on federal and municipal authorities. Tight budgetary constraints determine the situation when all available resources of municipalities are directed to solve current urgent problems. This situation usually forces the municipalities to ignore issues of development, particularly in the long term/strategic perspective [4, pp. 142-144].

These and other common barriers to the implementation of strategic planning and management are aggravated in the North of Russia and its Arctic zone by a range of factors that complicate the formation and realization of local socio-economic policies in this macro region. Among the most important factors are severe climatic conditions, remoteness from economic centers, underdeveloped transport and engineering infrastructure of the settlements, which increase the costs of living, current and capital expenditures of local budgets, cause demographic problems, and limit possibilities for the development of entrepreneurship and the introduction of innovations [5, pp. 21-23].

Planning in Practice
According to the results of our research, in spite of the difficulties and limitations, the municipalities of the Russian North and its Arctic zone have been involved in the development of strategic planning since the early 2000s. When studying the practice of strategic planning and management in the Russian northern and Arctic municipalities, we relied on empirical data obtained from an analysis of strategic planning documents and reports from the municipalities presented on the official websites of city and municipal district administrations. Our sample of municipalities consisted mostly of small towns with a population of 20,000 to 100,000 people, located on the territory of the Russian North. In total, 51 towns were surveyed. Of

---

1 ‘The requirements for a strategy of socio-economic development of the subject of the Russian Federation’ Approved by decree of Ministry of the Regional Development of the RF № 14 in February 27, 2007.
these, as of June 2011, 20 towns had approved strategic planning documents, while 18 (35% of the total) had published their texts on official websites (see table). The use of strategic planning in the northern and Arctic cities corresponds closely to the average level in Russia. Most of the cities having strategic planning documents adopted them in recent years (2009-2011). Accordingly, for such cities, it was only possible to analyze and evaluate the contents of the strategic documents. For those cities that adopted strategies several years ago, some results of their implementation could also be assessed.

List of Russian northern cities with populations from 20,000 to 100,000 people, which adopted documents of strategic planning (by June 2011)

<table>
<thead>
<tr>
<th>№</th>
<th>Name of city, region</th>
<th>Population, 2010, th. of people</th>
<th>Year of document adoption</th>
<th>Type of document</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Kostomuksha</strong>, Republic of Komi</td>
<td>30.2</td>
<td>2002</td>
<td>Strategic plan</td>
</tr>
<tr>
<td>2</td>
<td><strong>Apatity</strong>, Murmansk region</td>
<td>61.6</td>
<td>2002</td>
<td>Strategy</td>
</tr>
<tr>
<td>3</td>
<td><strong>Urai</strong>, Khanty-Mansi AO</td>
<td>43.2</td>
<td>2004</td>
<td>Strategy</td>
</tr>
<tr>
<td>4</td>
<td><strong>Neryungri</strong>, Republic of Sakha</td>
<td>63.2</td>
<td>2007</td>
<td>Integrated program</td>
</tr>
<tr>
<td>5</td>
<td><strong>Magadan</strong>, Magadan region</td>
<td>99.0</td>
<td>2007</td>
<td>Strategic plan</td>
</tr>
<tr>
<td>6</td>
<td><strong>Dudinka</strong>, Krasnoyarsk krai</td>
<td>23.9</td>
<td>2008</td>
<td>Integrated program</td>
</tr>
<tr>
<td>7</td>
<td><strong>Langepas</strong>, Khanty-Mansi AO</td>
<td>42.2</td>
<td>2009</td>
<td>Strategy</td>
</tr>
<tr>
<td>8</td>
<td><strong>Okha</strong>, Sakhalin region</td>
<td>23.0</td>
<td>2009</td>
<td>Strategy</td>
</tr>
<tr>
<td>9</td>
<td><strong>Raduzhnyi</strong>, Khanty-Mansi AO</td>
<td>47.8</td>
<td>2009</td>
<td>Integrated program</td>
</tr>
<tr>
<td>10</td>
<td><strong>Pyt’-Yakh</strong>, Khanty-Mansi AO</td>
<td>41.4</td>
<td>2010</td>
<td>Integrated program</td>
</tr>
<tr>
<td>11</td>
<td><strong>Kotlas</strong>, Arkhangelsk region</td>
<td>59.0</td>
<td>2010</td>
<td>Strategy</td>
</tr>
<tr>
<td>12</td>
<td><strong>Usinsk</strong>, Republic of Komi</td>
<td>43.6</td>
<td>2010</td>
<td>Concept</td>
</tr>
<tr>
<td>13</td>
<td><strong>Nyagan’</strong>, Khanty-Mansi AO</td>
<td>56.5</td>
<td>2010</td>
<td>Strategic plan</td>
</tr>
<tr>
<td>14</td>
<td><strong>Pechora</strong>, Republic of Komi</td>
<td>46.1</td>
<td>2010</td>
<td>Concept</td>
</tr>
<tr>
<td>15</td>
<td><strong>Megion</strong>, Khanty-Mansi AO</td>
<td>57.9</td>
<td>2010</td>
<td>Strategy</td>
</tr>
<tr>
<td>16</td>
<td><strong>Sovetskii</strong>, Khanty-Mansi AO</td>
<td>26.4</td>
<td>2011</td>
<td>Strategy</td>
</tr>
<tr>
<td>17</td>
<td><strong>Inta</strong>, Republic of Komi</td>
<td>38.1</td>
<td>2011</td>
<td>Concept</td>
</tr>
<tr>
<td>18</td>
<td><strong>Muravlenko</strong>, Yamalo-Nenetsk AO</td>
<td>37.3</td>
<td>2011</td>
<td>Strategy</td>
</tr>
</tbody>
</table>

One of the first northern cities to apply methods of strategic planning was Kostomuksha (Republic of Karelia). In 2002, the ‘Strategic Plan for Social and Economic Development of Kostomuksha until 2015’ was developed and approved. Along with representatives of the local government, business and the community scientists from the Karelian Research Center of the Russian Academy of Science took part in preparing the documents. In 2006 an upgraded version for the period up to 2020 was adopted, as first phase tasks had been implemented [6]. One of the areas of strategic development where institutions of local governing operate quite successfully in Kostomuksha is cross-border cooperation. Taking advantage of its border location, the town was able to engage in relevant programs supported by the European Union and obtain additional funding for projects that promote development of the urban district. For example, the amount of funding for projects supported in 2010 exceeded 1 million Euros [7].
Another ‘pioneer’ of strategic planning is the city of Apatity in the Murmansk region – one of the regions of the Russian Arctic. Here, in 2002, ‘The Strategy of socio-economic development of the city of Apatity’ was adopted. The city administration won a grant in the program ‘Small towns of Russia’ conducted by the Open Society Institute (Soros Foundation) and these funds paid for research and consulting services provided by firms that helped develop the plans.

Our analysis has shown that the content and organization of the strategy development process in Apatity, largely met the methodological requirements for strategic planning of urban development, including the organization of wide public discussion. However, one of the shortcomings was that the system of target indicators was not worked out. In addition, in the process of carrying out the plan, there was no transparent monitoring of the objectives and tasks implementation, and adjustments in accordance with such findings were not made in the following periods. The main objective factor inhibiting the realization of the strategy goals and objectives was a problem typical for most Russian municipalities, namely a lack of resources for municipal project financing and the reliance on high budget subsidies. This outcome resulted from the lack of legislatively established sources of local budget revenue, as well as the weak development of the local economy, including small and medium businesses. A key problem in the northern and, in particular, Arctic cities of Russia is that possibilities for their development are negatively influenced by the discriminatory mechanisms used to redistribute natural resource income away from the cities. The existing system works, mainly, for the benefit of the federal level and industrial corporations. It creates an artificial dependence on subsidies for many northern and arctic regions and municipalities.

After the first experiences with strategic planning in the northern cities of the Russian Federation in the beginning of the 2000s, that is before the entry into force of the Federal Law № 131 ‘On the Basic Principles of Local Self-Government organization in the Russian Federation’, which was adopted in 2003 and entered into force in 2006, several years has passed. This law started the process of a profound reform of local government. Between 2003 and 2006 no municipalities developed strategic documents because of the transition taking place in the course of the municipal reform.

One of the first northern cities of Russia which adopted a strategic planning document under following the implementation of Federal Law №131 in 2006 is the city of Magadan. Its Strategic Plan was approved in 2007. An analysis of its content revealed that it contains all the basic elements of a strategic planning document. There are a number of positive aspects in the implementation design of the plan. First, all implemented target programs and activities are closely linked with the priorities designated in the strategy. Second, the city has tracked target indicators in the realization of the strategic plan, and placed the corresponding information on its official website. Information about the monitoring results includes not only

---

2 After changes in tax and budget legislation in 2006, the number of local taxes was reduced from 5 to 2. Several statutory transfers and fees paid to local budgets from federal and regional taxes were abolished or reduced. For example, fees for local budget revenues from taxes on corporate profits (a federal tax) and from property tax (a regional tax) were abolished, and statutory transfers from the personal income tax were reduced from 50% to 30%.
successes, but also unsolved problems (the demographic situation, housing conditions), thereby focusing on realistic efforts to overcome them.

A Variety of Plans
Our analysis of strategic documents adopted in 2009-2012 in other municipalities makes it possible to define a range of different groups. The first group represents the strategic documents of the Komi Republic municipalities – the city of Usinsk, the municipal district of Pechora, and the city of Inta. They have the same title: “The concept of socio-economic development of the municipality ‘…’ for 2011-2015 and for the period until 2020,” and were developed approximately at the same time. Their uniformity resulted from the fact that the development of these strategic documents was organized in accordance with the Decree of the Komi Republic Government, the execution of which was controlled by the Republican government. Obviously, the efforts of the Republic government were driven by a desire to accelerate the implementation of strategic management into the governance practice of the local authorities. At the same time, forcing the process is hardly justified, as it does not create the conditions for the involvement of the population of local communities in the development of the strategic documents, which is essential for the effectiveness of strategic management at the local level.

Included in the second (and largest) group are seven cities of the Khanty-Mansi Autonomous Okrug (KMAO, see table above). The contents of the strategic documents of these cities differ significantly. For instance, the development strategy of the city of Langepas can hardly be regarded as a valuable strategic document. In it planning documents there is no attempt to link the objectives with measures to achieve them, and the mechanism for implementation and monitoring of the strategy is not defined, although the document was developed by a specialized consulting company. It is obvious that one of the reasons for the shortcomings in the development of strategic planning in this and other cities is the lack of generally accepted methodological foundations of municipal strategic planning among experts.

Another frequently occurring negative phenomenon associated with the elaboration process of city development strategies is the poor quality of the documents prepared by third parties (research institutions, consulting companies, etc.) which receive contracts through tenders for working out strategic documents. It quite often happens that the winners of the tender appear to be unscrupulous executives, who win the tender by offering the lowest price while performing the work without a profound study of local conditions. The latter is especially unacceptable for the municipalities of the North and the Arctic, as these territories are highly specific and it is of great importance to ensure that elaborators of the strategic documents are well aware of these features.

Such shortcomings are not found in the strategic documents of the cities Megion and Nyagan. Of particular interest for the analysis was the Strategic Development Plan of the Nyagan municipality for the period until 2020, approved by the City Council in 2010. The following characteristics in the preparation and content of the document make it exceptional:
• Good organization of the process for preparing the strategic plan. The coordination of its development was carried out by the coordinating council of the city strategic plan under the leadership of the head of the city and the deputy head of the administration of the governor of the Khanty-Mansiysk Autonomous Okrug. A large group of scientists, entrepreneurs, NGO representative, and specialists of the city administration were involved in the council. Within the framework of the Coordinating Council, six expert councils for each of the priority development areas were established;

• A wide public discussion of the draft strategic plan. According to the mayor’s statement in the introduction to the text of the strategic plan presented on the website of the city, a “huge number of suggestions and recommendations from citizens” were discussed and taken into account in the process of preparing the document. This process meant that the entire community had stake in the document;

• In contrast to the existing guidelines of the Russian Federation Ministry for Regional Development, in a scenario building exercise, it did not choose the target scenario and all four scenarios were regarded as equally possible.

As one of the special cases of the strategic planning practices in the Russian Arctic, the city of Dudinka in the Taimyr Dolgan-Nenets Municipal District (Krasnoyarskiy Krai) can be highlighted. First, it is one of the few cities in Russia’s Arctic zone with an existing strategic planning document. Second, as an urban commune (gorodskoe poselenie) within the municipal district (raion), its functions and economic base are relatively narrow as compared to those of municipalities with the status of urban districts. However, in the Dudinka strategic document, virtually all the major elements of a strategy document are present. The local government of the city succeeded in organizing the implementation of the intended plans, which have been realized in some areas quite successfully, namely, growth of the leading sectors of the economy (gas extraction, heat and fish production), and reduction of the unemployment rate (from 6.3% in 2007 to 3.7% in 2010). Living conditions are improving, but at a slower pace than was indicated in the targets. However, some other targets of the integrated program have not been achieved. The relatively meger success in reaching the goals results not only from objective difficulties in addressing the problems of socio-economic development in the extreme conditions of the Arctic. Organizational discrepancies arise from imperfections in the legal regulation of relations between the local governments of the urban commune and the municipal district, especially in planning and executing the budget.

Conclusions

5 Head of the Dudinka urban commune A. Diachenko provided a detailed analysis of the legal and practical collisions of relations between the local governments of the urban commune and the municipal district in his paper published in the Collection of materials of hearings in the Council of Federation as of 25.11.2010. URL http://www.severcom.ru/analytics/
According to our analysis of the strategic planning and management practices in the cities of the Russian North and Arctic, the following conclusions can be made:

1) The first cases of strategic planning in the cities of the Russian North appeared in the early 2000s. By 2010, this management method has reached about one-third of the total number of North and Arctic Russian cities, which corresponds to the national average.

2) Despite considerably improved methodologies for the preparation of strategic planning documents, their content remains utterly diverse, caused by the lack of generally accepted methodological principles of strategic planning on the local level within the expert community and approved at the federal level.

3) Third-party research and consulting organizations frequently developed strategic plans. Such authors can produce a positive result only on the condition that the local community is actively involved in the process of developing and implementing the strategic plan. In practice, this condition is by no means always followed, which in many cases discredits one of the main effectiveness factors of strategic planning – broad public participation in the development and implementation of strategic plans.

4) To ensure the realization of the strategic goals and objectives, the problem of a lack of resources for municipal project financing and the reliance on budget subsidies should be solved. Local budget revenues should be established legislatively, making local governments more independent of regional and federal governments, and conditions for the development of local economies, including small and medium businesses should be improved.

5) Fundamentally, for achieving the strategic goals of sustainable development in the cities of the Russian North and the Arctic, it is necessary to end the discriminatory mechanism of income redistribution derived from northern and Arctic natural resource extraction. It is necessary to change the tax and non-tax systems of income redistribution and to improve inter-budgetary relations between the federal center and the regions in such a way that not only the federal level and industrial corporations benefit from the northern and Arctic resources, but the amount of funds remaining at the regional and, especially, local level increases.

REFERENCES


