

# Centres of economic growth of the Russian Far East

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**Abstract.** The Far East is a region that has been developing more slowly than other regions of the Russian Federation for a long time. The problems of the development of the region are natural and geographical - the severity of the climate over a large area of the region, remoteness from the federal center, infrastructural - the poor development of intra-regional ties, problems with transport, social - low (compared to the average Russian indicators) provision of residents with medical, educational and other public services. The weak development of industry, low GRP and, as a result, the high dependence of the budgets of the Far Eastern subjects of the Federation on transfers from the federal budget are serious problems of the Far East. In order to develop the region, the state program of the Russian Federation «Socio-economic development of the Far Eastern Federal District» has been developed. The main goals of the state program are: the formation and development of territories of advanced socio-economic development with favorable conditions for attracting investments in the Far Eastern Federal District and the development of economic growth centers of the constituent entities of the Russian Federation that are part of the Far Eastern Federal District, and some others. The plans for the social development of economic growth centers, developed by the regions of the Far East and financed to a large extent from the federal budget, can play a key role in this.

**Keywords:** Far Eastern Federal District, state program, other intergovernmental transfers, target indicators, monitoring, co-financing, performance indicators, socio-economic development of territory

## 1 Introduction

The search for ways to stimulate the accelerated development of certain territories, including those that are destructively developing or stagnating, is not a feature of the Russian Federation. At present, many Russian scientists are engaged in the topic of equalizing both the level of budgetary security and the socio-economic development of the constituent entities of the Russian Federation, increasing the GRP, as a lever for strengthening the financial independence of the regions. Ways to increase the GRP and financial independence of the regions are considered on the example of the regions of the North (Badylevich & Verbinenko, 2019), on the example of the Irkutsk Region (Borisova & Belyaeva, 2019), ways to increase the budgetary security of the regions of the Far East (Veprikova, Novitsky & Gulidov, 2020). The problems of interbudgetary transfers are considered: as income of the regional budget (Andreeva, 2013), (Dyubanova, 2020), they give a comparative analysis of the effectiveness of interbudgetary subsidies in Russia and in developed countries (Kalashnikov, Grevtsova & Konycheva, 2018), provide a comparative analysis of the mechanisms of state support for highly subsidized regions (Milchakov, 2017), the dynamics of various forms of financial support for regions from the

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federal budget (Morkovkin, Stroev & Shaposhnikov, 2019), forms of financial support for regions (Naslunga, 2018), the system of interbudgetary relations and issues of increasing the effectiveness of interbudgetary relations (Pechenskaya & Uskova, 2018), (Tedeeva, Gabisova & Shiganov, 2018), dynamics of revenues and expenditures of the budgets of the regions of the Far Eastern Federal District (Shabelnikova, 2018).

The problems associated with equalizing (smoothing) the level of socio-economic development of territories are facing both the European Union (Iammarino, Rodriguez-Pose & Storper, 2017), (Korres, Kourliouros, Tsobanoglou & Kokkinou, 2014), and the countries of the post-Soviet spaces, such as Ukraine (Bogush, 2018), (Zabarnaya, 2017), (Stryabkova, Glotova, Titova, Lyshchikova & Chistnikova, 2018), (Lapshin & Smolyakova, 2017), (Odintsov, 2017), (Mikhailova, Moshkin, Tsyrenov, Sadykova & Dagbaeva, 2017), (Klochkovska, Khaietska & Broyaka, 2017), (Lavrinenko, Tinyakova, Kalashnikov & Novikov, 2019).

At the same time, most European authors and researchers from the countries of the former USSR explore regions that have problems different from those of the Far East. So, in the European Union there are practically no problems with undeveloped infrastructure, with a low population density. The problems of increasing the GRP of the regions facing Ukraine also do not coincide in terms of solutions with the problems of the Far East. This is due to the fact that the tax system of Ukraine is built on the basis that Ukraine is a unitary state. The development problems of individual regions also differ from the problems of the Far East. In Ukraine, there are no regions with low population density and poorly developed infrastructure, the share of mining enterprises in Ukraine is significantly lower than in Russia, climatic conditions are significantly different. Thus, the ways of increasing the independence of budgetary security and the ways of increasing the GRP proposed by foreign researchers differ significantly from the directions for improving interbudgetary relations in Russia.

## **2 Materials and Methods**

The task of the study was to determine the correctness and validity of setting goals in the Social Development Plans of the centers of economic growth in the regions of the Far Eastern Federal District, the feasibility of achieving goals, and the economic and social feasibility of spending.

The authors, studying the reports on the implementation of the Plans for individual regions, using the methods of analysis and synthesis, made an attempt to assess the feasibility of the costs incurred and predict the likelihood of these costs acting as a financial leverage.

## **3 Results**

One of the state policy measures to achieve national development goals in the field of balanced regional development is the implementation of mechanisms for advanced socio-economic development of strategic territories. Measures for the development of the Far East should be aimed, among other things, at increasing the resident population of the Far East; improving the quality of life of the population to a level exceeding the national average; increasing the growth rate of the GRP of the Far East.

In order to implement the policy for the advanced development of the Far East, the state program of the Russian Federation «Socio-economic development of the Far Eastern Federal District» (hereinafter - the State Program) has been developed (Government Decree No. 308, 2014). When creating the Ministry for the Development of the Russian Far East and Arctic (hereinafter - the Ministry), the main task was to implement the state policy in the development of the regions of the Far East and the Far North of the Russian Federation.

The expected results of the implementation of the State Program should be:

the number of jobs created in the Far Eastern Federal District as will amount to 111.3 thousand in 2025;

the population will increase to 8.7 million people by 2025.

The central link in the State Program is the funds for the implementation of the Plans, it is planned to spend 153947.5 million rubles (40.6% of the State Program's expenses) from the budgets of all

levels for the social development of economic growth centers. Funds for this purpose have been allocated since July 2018.

The procedure for their distribution was established by the Government of the Russian Federation (Government Decree No. 254, 2018).

**Table 1.** Social Development Plans for economic growth centers

Constituent entity of the Russian Federation	Number of objects (measure)	Amount (million rubles)			
		Federal budget funds	Funds of the consolidated budget of the constituent entity of the Russian Federation	Extrabudgetary sources	Total
Amur Region	49	8183,5	825,5	0	9009,0
Jewish Autonomous Region	174	2941,3	37,9	0	2979,2
Zabaikalsk Territory	144	9460,3	180,6	536,5	10177,4
Kamchatka Territory	3	4698,4	377,5	0	5075,9
Magadan Region	7	1532,9	142,8	0	1675,7
Primorsky Territory	42	13477,9	1350,3	0	14828,2
Republic of Buryatia	123	6747,0	1092,6	638,5	8478,1
Republic of Sakha (Yakutia)	13	6768,9	723,5	1282,3	8774,7
Sakhalin Region	180	36065,1	46908,8	1566,3	84540,2
Khabarovsk Territory	10	8844,3	3016,6	0	11860,9
Chukotka Autonomous Area	7	562,7	9,1	0	571,8
<b>TOTAL</b>		99282,3	54665,2	4023,6	157971,1

The main objectives of the Plans are: creation of social infrastructure facilities to ensure the implementation of new investment projects; improving the quality and standard of living of the population by ensuring the availability of services of social institutions; development of human capital, increase in the number of labor resources.

Considering the procedure established by the Decree of the Government of the Russian Federation and the Methodological Recommendations of the Ministry, at the intermediate stages of implementation, indicators are only the timing of the implementation of schedules for activities (objects) and cash execution (development) of subsidy funds (Order of the Ministry, 2018).

And the regions set the Indicators of achievement of indicators for the implementation of the Plans on their own based on the declared priorities.

An analysis of the Social Development Plans of economic growth centers showed that the weak link of some Plans is the lack of linking activities to specific industries that can act as multipliers for economic recovery and GRP growth.

So, in the Plan of the Republic of Buryatia there are the following points:

- overhaul of the Directorate of sports facilities;
- acquisition of a building for the Employment Center;
- acquisition of a building for a social adaptation center, etc.

As a rule, the subjects of the Far Eastern Federal District, which have planned a large number of activities in the Plans, have dispersion of priorities. Such a position may lead to failure to achieve the strategic goal of the implementation of the Plans - to stimulate the development of centers of economic growth.

The Plans of the Primorsky Territory, the Jewish Autonomous Region, the Republic of Sakha (Yakutia) include several activities related to the development of design estimates, updating schemes,

linking standard projects, etc. Terms of real construction and reconstruction, sources of construction financing are not reflected in the Plan. Whether there will be an effect associated with the improvement of social conditions, which will give the availability of design and estimate documentation, is a moot point. And from this the global conclusion that for such regions it is impossible to assess the effectiveness of the implementation of the Plan as a whole follows.

The Plan of the Kamchatka Territory has a similar problem, in which one of the central objects (measures) of the Plan is the construction of the 1st stage of the regional hospital with an estimated cost of 777.66 million rubles (15.3% of all expenditures under the Plan). Completion of the construction of the 1st stage does not imply its commissioning. How is it possible to assess the social effect of a non-commissioned real estate object?

The authors agrees with the approach of the Government of the Magadan Region to the search for multiplier effects. The Government of the Magadan Region has selected several events, with reference to:

- the center of the region (urban agglomeration of Magadan), with a priority - securing the population of Magadan outside the territory. To preserve the resident population in the capital of the region, a sports and recreation complex with a swimming pool in Magadan, a Swimming pool in the village of Ola are being built, the regional children's hospital is being modernized and logistical support is being provided for vocational education institutions;

- significant area (the center of the Yano-Kolyma gold province - the village of Ust-Omchug). This is a remote area, in order to secure the population in it, expenses have been made to modernize the district hospital.

The Plan of the Zabaikalsk Territory includes 2 measures for the organization of water supply to villages: the organization of water supply in the village of Tasyrkhoi and the organization of water supply in the village of Shara. The implementation period of the event is 2019. Amounts of 14.97 million rubles for each object. It should be separately noted that both villages were almost completely destroyed by the grassland fires in April 2019. There are no industrial facilities on the territory of the villages, the population in the village of Tasyrkhoi is 34 people, Shara - 9 people, mostly pensioners and people with disabilities. Considering the territorial remoteness and lack of communication, there are significant risks of damage and theft of property. Based on the totality of the facts, the existence of a water intake unit in order to ensure water supply looks inappropriate. In this regard, spending on such centers of economic growth looks doubtful.

The district administrations of the territories that include these villages, despite the fact that wells were drilled in 2019, used the federal budget funds in full, as of the end of 2020 there were no:

- report on the assessment of water reserves;
- documents on putting objects into operation;
- licenses for subsoil use;
- registration of a water supply facility as municipal property.

At the same time, in fact, the water supply system in the village. Tasyrkhoi functions (is operated), and in the village of Shara it is mothballed.

#### **4 Discussion**

Due to the fact that the form of support considered by the authors has been allocated from the federal budget since July 2018, the authors does not know other researchers of this problem. At the same time, the official reporting of both the regions of the Far Eastern Federal District and the Ministry allow the authors to conclude that there is no critical approach to the expected and planned results.

#### **5 Conclusion**

Tasks set by the State Program and Plans for social development of economic growth centers have not been fully resolved to date.

At the same time, objective statistical data allow the author to conclude that the trend of outflow of the population has not been overcome, the quantity and quality of services provided to the population

of the Far East differs from the quantity and quality of services provided to the population of the central regions of Russia.

The Plans do not establish criteria for assessing the impact of social infrastructure facilities being created on the development of human capital and an increase in labor resources. Most of the Plans are not focused on the needs of investors in terms of providing newly created jobs with social infrastructure. The criteria for assessing the achievement of intermediate results of the implementation of the Plans' activities do not allow the regulatory authorities to predict the expected effect from their implementation.

There is a trend towards a decrease in co-financing from the regional budgets of the Far Eastern Federal District.

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