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**PECULIARITIES OF RUSSIAN NATIONAL PROJECTS:  
PROBLEMS AND SOLUTIONS**

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### Abstract

The development of the country's economy implies an integrated approach in all areas of activity. Today, in our country, such an instrument is national projects – vectors of the state's development strategy, which, with rational management, offset the problematic aspects of the economy and social sphere, making them more stable, stronger, and more effective. Consistent steps in the implementation of the strategic planning system showed the possibility and need for a flexible approach to the implementation of these practices in the management of economic and social processes in the country. The variability and its obvious stages, the multiplicity of its main institutions and instruments in particular, were confirmed in the new appeal of the country's leadership to fix the main priorities of the socio-economic development of the Russian Federation through a system of national projects. In 2019, the Russian Federation developed and partially implemented national projects in 12 priority areas of activity for the period until 2024. Currently, the idea of national projects is reaching a qualitatively new level: projects are characterized by greater scale, more specific, expanded focus and greater attention to the issues of management and monitoring of their implementation, as well as to their sufficient resource availability. Despite a number of positive trends after their implementation, there are systemic disadvantages that reduce the effectiveness of the use of budget and extrabudgetary funds and do not give the desired result in certain areas of the economy, including in the context of the new coronavirus pandemic.

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*Keywords:* Budget, national projects, development strategy, efficiency



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## **1. Introduction**

In the conditions of a rapidly developing world, the innovative growth, and the emergence of new sectors of activity, the economy of any state needs comprehensive state development programs aimed at improving the level and quality of life of its citizens (Bukhwald, 2019). In 2018, in order to improve the socio-economic development of the country's territories, increase demographics, improve the quality of life of the population, and create comfortable living conditions for citizens on May 7, 2018 the President of the Russian Federation V.V. Putin signed the Decree No. 204 "On national goals and strategic objectives for the development of the Russian Federation for the period up to 2024".

## **2. Problem Statement**

The implementation of national projects in the Russian Federation is associated with a number of organizational, financial and other problems. First of all, the legislative framework was initially insufficiently formed or completely absent to regulate the implementation of national projects, there were no existing mechanisms for introducing such large-scale changes, there was no opportunity to mobilize the efforts of the executive authorities to achieve specific results in clearly defined sectors. As a result, the implementation of national projects within the country was carried out with large deviations from the initial tasks.

## **3. Research Questions**

The objective of the study is to improve the management of national projects.

1. The first stage of the study examines the theoretical foundations of national projects.
2. The practical part considers the dynamics, structure of national projects, identifies problems of their implementation and proposes directions for improving the system of their management.

## **4. Purpose of the Study**

The purpose of the study is to identify problems in the implementation of national projects and develop proposals for their elimination.

## **5. Research Methods**

Statistical analysis, modelling of socio-economic processes, systems and situational approaches were used as research methods.

## **6. Findings**

Today, Russia implements national projects as tools of socio-economic development, which mean a set of interconnected measures aimed at obtaining unique results in conditions of time and resource

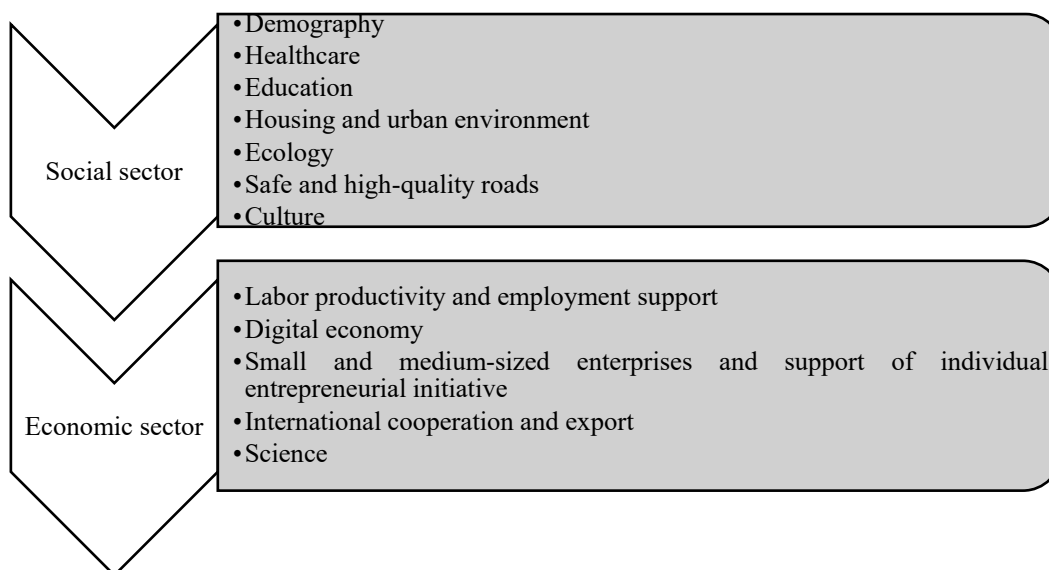
constraints, ensuring the achievement of goals and targets, the implementation of tasks defined by the Decree No. 204, as well as, if necessary, the achievement of additional indicators and the implementation of additional tasks on behalf of and (or) the instructions of the President of the Russian Federation, the instructions of the Government of the Russian Federation, the Chairman of the Government of the Russian Federation, the decision of the Presidential Council on strategic development and national projects, the Presidium of the Council (Decree of the President of the Russian Federation No. 204). According to Bednyakov and Mierin (2019), national projects are a tool for implementing national development goals that are of priority at a certain stage of state development and require significant resources for their decision, which involve a clearly indicated final result. Strizhkina (2018) believes that the national project is a set of measures implemented in a certain direction of socio-economic development, aimed at achieving specific results of the strategic development of the socio-economic sphere of Russia in conditions of limited resources and time.

Thus, the national project is a strategic program for the development of the country until 2024, developed by presidential decree taking into account the needs of the territories for socio-economic, political, technical growth of entities and the country as a whole (Pleslov, 2020).

Although national projects themselves represent a federal-level initiative, their implementation is impossible without active, interested participation of the constituent entities of the Russian Federation. It involves not only coordination with existing or newly prepared strategies for the socio-economic development of the regions, but also the inclusion of target indicators of national projects in the system of state programs of the constituent entities of the Russian Federation, the formation of the necessary amount of financial resources to achieve the goals set in national projects (Samaeva et al., 2019).

National projects are focused on achieving the goal of the May decrees of 2018, which include increasing life expectancy to 78 years (up to 80 years by 2030), reducing poverty by half, as well as Russia becoming one of the five largest economies in the world. The national projects are implemented through the financing of various budgets: federal, constituent entities of the Russian Federation, state extrabudgetary funds and attracted extrabudgetary funds (Vlasov & Deryugina, 2018). Today, 12 national projects are being implemented: demography, housing and urban environment, health care, culture, digital economy, safe and high-quality roads, small and medium-sized enterprises, international cooperation and exports, education, labor productivity and employment support, ecology and others. The projects complement each other and involve simultaneous execution and implementation for the integrated development of the country as a whole. Officially, the national projects program was launched in 2019 for a period of up to 2024, in July 2020 it was decided to postpone the achievement of a number of indicators until 2030 and adjust the program to take into account changed circumstances under the influence of the “coronavirus” crisis. According to pre-crisis forecasts of the Ministry of Economic Development, the economic growth as a result of the implementation of national projects from 2021 was supposed to be 3 % per year.

National projects may be divided into two sectors depending on the goals and objectives to be achieved: social and economic, as shown in Figure 01.



**Figure 1.** Priority areas of Russia’s national projects from 2019 to 2024

A significant part of the funds allocated for national projects are expenses that have been produced before but through funding from the federal budget. For example, 19 % of all funds provided for national projects in 2019, and more than 26 % in 2020, were allocated for financial support to families at the birth of children in the form of maternity capital. In the context of the crisis caused by the pandemic, the national projects will fulfill the tasks of the current budget policy to an even greater extent (Melnik, 2020).

To coordinate the work, a special RF Presidential Council for Strategic Development and National Projects was created. The development of specific projects within the framework of three programs is supervised by individual deputy prime ministers. The amount of financing for national projects approved at the initial stage is 25.7 trillion rubles and is divided into three areas: 5.7 trillion rubles were allocated for projects under the Human Capital program, 9.9 trillion rubles for the Comfortable Environment for Life program, and 10.1 trillion rubles for Economic Growth. Financing of national projects will be covered by four sources: 13.2 trillion rubles (about 50 % of expenses) from the federal budget, 7.5 trillion rubles from extrabudgetary resources (30 %), 4.9 trillion rubles will be allocated by the regions (20 %) and 147.8 billion rubles from state extrabudgetary funds.

Within the framework of other national projects, there is also a similar effect of crowding out federal budget funding at the expense of national projects, but it is definitely not possible to assess the effect due to the opaque structure of spending on national projects. The opacity of national projects prevents the effective execution of expenses and the transfer of a multiplier effect on economic growth (Lyalin et al., 2019).

Another serious obstacle to increase the growth rates due to national projects is the low level of spending execution. By the end of 2019, the level of execution for national projects amounted to 91.4 % with a level of execution of budget expenditures of 94.2 % – against the background of record low implementation of budget expenditures, the level of implementation of national projects looks acceptable (Gromov, 2020).

Moreover, the costs were executed relatively evenly during 2019 for the projects *Demography*, *Science*, and *Healthcare*. For other projects, more than 40 % of planned expenses were carried out in the last quarter of 2019: *Digital Economy*, *Comprehensive Plan for the Modernization and Expansion of Backbone Infrastructure for the Period until 2024*, *Labor Productivity and Employment Support*, *International Cooperation and Export*, *Ecology* (Gromov, 2020).

For a number of federal projects, the expenditures were not made in the first six months, for example, on the project *Creating a system for supporting farmers and developing rural cooperation* as part of the national project *Small and medium-sized entrepreneurship and support to individual entrepreneurial initiative* (Kamenskykh, 2021).

At the end of 2019, two national projects – *Ecology* (66.3 %) and *Digital Economy of the Russian Federation* (73.3 %) are significantly behind in terms of implementation (Table 01).

**Table 1.** Implementation of national projects in 2019 (Accounts Chamber of the Russian Federation (official website))

National project	Planned for 2019, mln rub	Over 6 months 2019, %	Over 9 months 2019, %	Over 12 months 2019, %
Demography	520.2	41.6	65	95.5
Healthcare	160.3	54.5	67.5	98
Education	106.1	28.6	58.5	91
Housing and urban environment	105.3	38.5	56.3	93.8
Ecology	57.0	11.6	22.1	66.3
Safe and high-quality roads	129.7	12.2	55.8	97.1
Labor productivity and employment support	7.1	17.7	38.8	87.1
Science	37.0	44.3	66.2	99.1
Digital economy	108.0	8.3	12.3	73.3
Culture	14.2	28.0	64.7	99
Small and medium-sized enterprises	60.6	36.6	55.7	93.1
International cooperation and exports	86.2	35.1	41.8	89.1
Complex plan	331.2	23.8	39.4	88
Total	1 723.0	32.4	52.1	91.4
Level of budget expenditure execution	–	42.5	62.9	94.2

In early 2020, the Accounts Chamber published reports on the implementation of some projects, including comments on implementation. First of all, the comments related to incorrectly set goals and criteria for the execution of projects, the creation of incentives for the formal achievement of goals, as well as the low level of expenditure execution.

The objectives of national projects are in the process of revision, taking into account the increased role of health care and social policy as a result of the consequences of the pandemic. Russia, like other countries, has proposed fiscal measures aimed at social policy, health care and business assistance. It is supposed to extend the goals of national development until 2030 in accordance with the presidential decree of July 21, 2020 emphasizing the increase in life expectancy, fight against poverty, education, science, as well as environmental protection and infrastructure, and to increase the deadline for the implementation of the goals.

## 7. Conclusion

When implementing national projects in the regions of the country, systemic problems arise that do not give the expected effect of the implementation of the national project:

1. The absence of normative consequences of recognizing the inefficiency of the use of budget funds in national projects and the activities of participants in national projects or participants in federal projects, with the exception of the opportunity to initiate new projects and apply material incentives to federal state civil servants who are participants in the Digital Economy program and its federal projects (Khalimon et al., 2019). In other words, the principle laid down in the system of financial support for national projects at the expense of the federal budget, the principle of accounting for the results of the implementation of national and federal projects for the previous period for the purposes of subsequent budget planning, does not find its practical implementation within the framework of regulating the procedure for assessing the effectiveness of the use of budget system funds in national projects (Balaev, 2020).

2. There are no requirements for justifying the effectiveness of measures and mechanisms for their implementation, as well as their changes. In other words, although such justifications are included in established project preparation procedures, they are carried out arbitrarily, outside any formalized framework. This leads to the fact that the inclusion of relevant measures and mechanisms for their implementation in the project occurs with any justification, which, moreover, cannot be assessed by the society as sufficient or insufficient. At the same time, there are no levers to justify the need to change the relevant measures and mechanisms for their implementation, if in the process of project implementation they show their inefficiency (Izgiyaeva, 2019).

3. The inability to change the types and amounts of financial support for national projects during their implementation depending on the results of the interim and ongoing effectiveness assessment and monitoring of the implementation of national projects (Gromov, 2020).

4. The lack of a mandatory assessment of the effectiveness and performance of national project managers, as well as the Digital Economy program and its federal projects. It is expected that the elimination of these shortcomings will contribute to the improvement of the system of financial support for the implementation of national projects and will significantly increase the efficiency of the use of the federal budget (Dybnik, 2020).

Based on the analysis it becomes clear that ideally the system of national projects is an incredibly promising set of measures that may improve not only the state of the economy of the Russian Federation, but also the well-being of each individual citizen in the shortest possible time, but its incredible scale may lead to devastating consequences for the financial sector of the country and the constituent entities of the Russian Federation without proper control over the implementation and expediency, especially in conditions of instability of the development of the Russian economy.

As preventive measures in the current conditions, special attention should be paid to the methodology for the implementation of national projects, since it is not sufficiently reflected in project passports. Moreover, it would be useful to expand some of the strategic development clusters with projects having methodological novelty with respect to existing ones. Special attention should also be paid to the resulting contradiction in the structure of financing national projects between federal and

regional budgets in order to avoid economic imbalances in the structure of the country's financial system. This requires structural changes in the methodology for calculating and distributing tax revenues between the levels of the country's budget system, which will lead to the minimization of budget risks in the process of implementing strategic development measures.

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