

## MTSDT 2019

### Modern Tools for Sustainable Development of Territories. Special Topic: Project Management in the Regions of Russia

#### INTEGRATION ROLE OF NATIONAL PROJECTS IN THE FORMATION OF INNOVATIVE ECONOMY

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#### *Abstract*

The article dwells on the integration role of national projects in the formation of innovative regional economies. It shows that regions have specific problems and development preferences, which requires the formation of a mechanism for coordinating projects between the government and business levels. It is determined that the problem-oriented approach allows identifying the need for inter-level integrative interaction in the formation of regional development strategies and policies for its implementation. An integration regional project is defined as a set of coordinated actions of economic entities (state, business structures and society); it combines industrial and territorial potentials in achieving the development goals of the region and has cross-sectoral nature; the result of the implementation of such a project affects the interests and development indicators of a number of industries. The priorities of regional integration projects include environmental and economic, managerial and entrepreneurial factors in the strategic period. The concept of integration restrictions is introduced. A methodology for managing the constraints of regional integration projects is proposed, based on the identification and localization of the risks of partner interaction. The problems of building a “green” economy in the region (case study of Republic of Buryatia) are investigated. The necessity of improving the regional development management system is shown. The article shows that regional integration projects allow for interaction in solving urgent problems of regional development, coordinating subjects from different industries in time, pooling resources to achieve goals, forming a consolidated responsibility and achieving the goals of the respective national projects.

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**Keywords:** Green economy, integration constraints, national projects, problem-oriented approach, regional integration projects, Republic of Buryatia.



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## **1. Introduction**

### **1.1. Challenges of the modern world**

In modern models of economic growth it is investments in innovation and in human capital that determine the success of countries (Romer, 1986; Belomestnov, Alekseev, Sandakova, & Dugina, 2018).

Obviously, any region develops on a multilevel basis with manifestations of the interests of the local community, business structures, municipal and state government bodies at the regional, subfederal and federal levels, as well as the interests of partner countries in the framework of integration and globalization processes, international flows of capital and resources (Bakhtizin, Bukhvald, & Kolchugina, 2016; Ivanov & Bukhvald, 2019; Slepneva, Kokorina, Slepneva, Tsyrenov, & Munkueva, 2016).

The policies and strategies for the sustainable development of regions are determined both by the framework of constitutional and other legislative acts of state obligations in development and by development problems caused by positive innovative and negative crisis factors. It necessitates the transition to a new problem-oriented and program-project system of development management, combined with the territorial-sectoral meso-economic approach.

The key to determining the methodology for formation and implementation of development policies (as well as strategies) is confidence in its implementation. It requires a change in the approach to development programming, the basis of which in recent years is the project approach. The main problems of implementing the project approach are integration constraints on the organization and implementation of projects.

### **1.2. The role of national projects in the implementation of public policy priorities**

Presently, different approaches are used to deal with the problem of state regulation of economic development. Some countries in Europe, Asia, Latin America, the Near East and Middle East have state development institutions (indicative planning, target programs, government procurement, etc.). An integrated development planning system operates in China (Magomedov, 2018). Some countries are more focused on entrepreneurial development model.

In the USA, Great Britain, Canada and other countries, the selection of national priorities is made out in the form of political documents and is implemented through the development of target programs, state budget and legislation.

International project management, both at the company level and in the state as a whole, has a long history (Heldman, 2002; Rainey, 2009; Russell, 2003; Stiglitz, 1988). The most advanced countries in the implementation of project management methods are currently the UK, USA, Malaysia, and Japan. In most countries, special development institutions have been created, their experience is actively used by Russian companies and government organizations.

During the period of industrialization in the 1920-1930s, project management as a methodology of state development management appeared in the USSR, it was actively used during the planned economy period.

Nowadays it is possible to define three main stages of managing development in Russia and its regions.

The first stage - priority national projects (2005-2009) (Batchikov, 2005);

The second stage - the President Decrees of May, 2012 and new national projects;

The third stage - the President Decrees of May, 2018 and an expanded list of national projects.

Initially, the goal of priority national projects was to implement a set of measures in the "painful" areas of the economy and social sphere that determine the standard of living of the population and to achieve tangible results in the shortest possible time. A characteristic feature of all projects is a limited number of priorities and their focus on an individual (Dyunnik, 2018; Imamov, 2016; Kostareva, 2018).

## **2. Problem Statement**

Regions have specific problems and development preferences, and if at the federal level national projects in various fields really "pull up" the country's economy and determine breakthrough points, at the regional level national projects require a mechanism for the projects' coordinated development and implementation, which would increase the effectiveness of development management in the region. It is also necessary to remove existing constraints on the integration of government and business projects on all levels.

## **3. Research Questions**

The major research questions are:

- to study a problem-oriented approach to the formation and implementation of the regional component of national projects;
- to determine the essence of regional integration projects;
- to develop an approach to managing constraints on regional integration projects;
- to study the problems of building a regional "green" economy.

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

The purpose is to study the problem of the effective implementation of national projects in the regions through the development and realization of regional integration projects aimed at creating an innovative economy with consideration of regional preferences and limitations.

## **5. Research Methods**

The main methods for achieving the research aims and objectives are system and structural analysis of economic processes, methods of expert assessments of development directions, methods for predicting the effectiveness of managing integration constraints.

## **6. Findings**

### **6.1. Problem-oriented approach to the development of the region**

The problem-oriented approach allows identifying the need for inter-level integrating interaction in the formation of the region's development strategy and its implementation policy. It determines the

interest in them at the appropriate levels of territorial administration and stakeholders. A problem-oriented approach to management implies a consolidated responsibility for solving a specific problem within the framework of the complex or integration development projects.

The criterion for the need for the development projects in a particular problem area could be:

- problem severity in the region;
- presence of specific regional factors (constraints and preferences);
- amount of state authorities attention to the development of a specific region;
- level of public attention to the problem.

For the population of Buryatia, as well as for other regions of Russia, almost all areas of national projects are important. Particularly important for the region are environmental safety issues. The matter-of-course advantage of Republic of Buryatia is Lake Baikal providing the huge natural opportunities which must be used wisely, both preserving the lake for future generations and earning income for the population today.

Important for the region is also the modernization of infrastructure, full entry into international transport corridors. It would provide orders for the construction and engineering industries, the growth of employment and gross regional product (GRP). An important point is that the region should not only play a high-quality transit role, but also participate in saturating these corridors with its products, using them to enter international markets.

All Far Eastern constituent entities of the Russian Federation, including Republic of Buryatia, should reach a level higher than the national average level in key socio-economic indicators and in the quality of life of people, and national projects underline this aim. To some extent, this is an answer to critics of the administrative re-subordination of Buryatia to the Far Eastern Federal District (FEFD).

An important point is the idea to form and develop a large Eurasian partnership, since Republic of Buryatia has long-standing experience of cooperation with Mongolia. There is a need to expand these ties.

## **6.2. Regional integration projects**

Currently, the management of state development is moving from a program-target to a project approach, while maintaining all the positive qualities of state programs. To some extent, projects are part of the program-project approach.

Integration projects should be considered as a basis from the perspective of defining the regional policy of managing social, environmental and economic development. A regional integration project is a combination of coordinated actions of all economic entities (state, business structures and society), it combines industrial and territorial potentials in achieving the development goals of the region.

Industrial potential refers to the technological capabilities of each industry in the implementation of a specific inter-sectoral aim or their contribution to the achievement of the generalized goal of a regional integration project. Territorial potential refers to the projection of the interests of all levels of development management (international, federal, sub-federal, regional and municipal) and all entities

(business, population, public organizations) on the implementation of certain generalized goals of regional integration projects.

The problem of interaction and partnership in integration projects requires coordination of interests of all potential project participants (Alexandrova & Eliseeva, 2017; Biryukova & Tolkaneva, 2018).

The main feature of the regional integration project is its inter-sectoral integrated nature, the result of its implementation affects the interests and development indicators of a number of industries.

### **6.3. Integration constraint management**

The essence of integration constraint management is to identify and localize the risks of interactions between partners of regional integration projects (Khardaev, 2017).

The main steps of the integration constraint management technique are as follows:

1. *Identification of integration constraints risks.* Such risks include legal, economic, entrepreneurial and managerial risks, reflecting the shortcomings of the mechanism for the formation of a regional integration project and its implementation from the standpoint of default by partners.

2. *Determining the probability of integration constraints of interaction and partnership.* Probability assessment is based on both quantitative and qualitative risk prediction methods.

3. Assessing the impact of integration constraints.

Integration constraints have both negative and positive consequences.

The effect can be calculated as:

$$E = \text{Opt beg} / \Delta \text{VPcon pr}, \quad (1)$$

$$E = \text{Opt fin} / \Delta \text{VPcon act}, \quad (2)$$

where Opt beg is the income of participants in interaction and partnership calculated in the process of project prognostication, Opt fin is the income received in the course of the project implementation;  $\Delta \text{VPcon pr}$  is the prognostic assessment of implementation risks or significance of constraints;  $\Delta \text{VPcon act}$  is the actual result of implementation risks or the significance of constraints.

4. *Determining the directions of localization of integration restrictions.* This stage is based on the selection of mechanisms and tools related to increasing the effectiveness of partnerships. When organizing regional integration projects, the principles of coherence, joint responsibility for the implementation, and coordination of the actions of the subjects should be used.

### **6.4. Study of the problems of building a regional “green” economy**

A number of economists put forward a proposal to build a “green” economy as one of the integrating directions of economic development in Republic of Buryatia. We believe that it is reasonable to support the idea of sustainable harmonious development of the natural environment, economy and society, but this kind of development should include all components concerned without any distortions. Moreover, the main objective of development is not just to introduce bans and restrictions on the use of environmental resources thus creating deserted reservations in most of the territory of the republic, but to form an innovative, environmentally-friendly economy.

The drivers of the “green” economy of the republic should be based on such activities as tourism, aqua-economics, alternative energy, organic agricultural products.

At the same time, the constraints on these sectors development should be clearly understood as well.

They are as follows:

- short tourism season;
- entry difficulties and demand constraints of drinking and curative mineral water markets;
- high capital intensity and low efficiency of alternative electric power industry;
- risk farming (climate conditions and soil fertility), high investment costs, problems of certification of products and difficulties in entering the market of organic agricultural products, high cost of organic products, making them inaccessible to most residents of the region.

Therefore, we talk about the application of some principles of a "green" economy in the traditional sectors of natural, industrial and social potential.

## 7. Conclusion

Regional integration projects make it possible to carry out interactions in solving urgent problems of the region’s development, combining development projects of subjects from different industries. The main point of combining separate projects into an integration project is their precise coordination in time, pooling resources in achieving goals, forming a consolidated responsibility for solving the problem and realizing the goals of the respective national projects.

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