

## MTSDT 2019

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

#### STRATEGY FOR THE DEVELOPMENT OF THE NOVGOROD REGION

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#### *Abstract*

The article is devoted to the study of ways of socio-economic development of the Novgorod region. In Russia, this problem is relevant for all regions. Russia is a huge country where each region has its own characteristics, both territorial and socio-economic. In the article, the author points to the existing methods of development of the Novgorod region and the result of their application in practice. This article raises the following questions: are there any ways to develop the Novgorod region, and if so, how can they be implemented. On June 28, 2014, Federal Law No. 172-FL On Strategic Planning in Russia entered into force. According to Article 20 of Part 6 of Clause 2: “The federal executive bodies, plenipotentiaries of the President of the Russian Federation in federal districts and state authorities of the constituent entities of the Russian Federation must be guided by the Fundamentals of the state policy of regional development of the Russian Federation for the period until 2025 when solving the problems of socio-economic development of entities Russian Federation”. Prior to this, the Law “On the Strategy for the Socio-Economic Development of the Novgorod Region until 2030” was already issued on July 9, 2012 in the Novgorod Region and has lost force on the basis of the law of April 4, 2019. After analyzing this law and the socio-economic situation of the Novgorod region, the author derived forecasts of the effectiveness of the development strategy and ways to optimize the socio-economic situation of the region.

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## 1. Introduction

The sustainable development of each region determines the economic growth and gross domestic product of the country. However, along with economic development, negative trends are also developing (Ermakov & Ermakov, 2012). The main of these trends is poverty. In overcoming poverty, weak regions will be able to implement a development strategy (Shakirov, 2011).

The level of development of the region is determined by a list of factors (Zhukova, 2011):

- natural and environmental factors;
- political situation in the region;
- socio-economic situation of the region.

In the Novgorod region, like any other region, there are positive and negative sides. They are formed due to these factors.

The Novgorod region takes 60th place in terms of socio-economic development among the regions of Russia, and the human development index is 27th, which contributed to the entry of the region into the category of developed regions. In 2016, the region won first place in the regional ranking of fundamental business efficiency and environmental responsibility, which indicates the environmental safety of the region, which is one of the most important development factors.

In the region, there is a favorable territorial position – between St. Petersburg and Moscow. The region has experienced economic involvement and low unemployment. The region has a reserve of industrial minerals (peat, quartz sand, refractory clay, limestone), forest.

Currently, the region is involved in project activities and collaborates with other countries. The region has an investment image and a favorable environment for living.

Thus, the advantages of socio-economic development of the Novgorod region were highlighted.

## 2. Problem Statement

There is no single regional development strategy. Each region is universal and requires a development system adapted to it. Regions differ in territorial, socioeconomic, political, environmental, climatic, and many other features (Magdanov, 2014). Thus, in each region, in addition to advantages, there are also weaknesses. A sustainable development of each region is associated with its competitiveness and improvement (Schukina, 2015).

Novgorod region is no exception. Firstly, the region is characterized by poorly developed transport and recreational infrastructure, as evidenced by the deterioration of roads, poor state of cultural heritage. Secondly, there is no development of the digital economy, and the regional budget does not have enough funds for investment costs. In the region, there are high risks of unbalanced development of the territory, the presence of dilapidated and emergency housing. It should also be noted that in the Novgorod region a high proportion of people have an income below the subsistence level established in the region, and a large level of the unemployed population.

To solve regional problems, the development strategy is outlined in three prognostic options:

1. Conservative is the containment of socio-economic development, which may occur in the event of a slow pace of infrastructure development and the welfare of the population, lack of investment;

2. Basic implies maintaining the region's budget while reducing debts by developing the region as a tourist and cultural center, developing domestic industry, and supporting agricultural activities;

3. Target is economic growth, provided by the increase in income of the region by increasing exports, attracting investment in infrastructure, digitalizing the economy, introducing innovations and improving the life of the population.

It follows that the government of the Novgorod region has a task - to bring the results of the strategy as close as possible to the third option.

### **3. Research Questions**

3.1. What are the ways to develop the Novgorod region?

3.2. Can these methods be applicable in practice?

3.3. What will be the result of the development strategy of the Novgorod region?

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

The Novgorod region, in the presence of certain development risks, sets itself a strategic goal, due to a number of tasks for the development of the region.

The aim of the study is to study the development strategy of the Novgorod region and forecast the results of this strategy, to find the best ways to develop the region.

In Russia, as in other countries, the regions are divided according to two signs. The first is the territorial location, including climate, geography, minerals. The second is the concentration of human potential, that is, urbanization, the concentration of people in big cities. Whatever natural advantages a country has, the future depends on the development of the human factor, the digital economy, and investment activity (Zubarevich, 2014).

The Novgorod region has the following goals:

1. Region is an industrial center of Russia.

2. Region is university.

3. The region is the center of national history.

4. Region is a center for recreation and rehabilitation (The Law of the Novgorod Region, 2019).

To achieve these goals, the region has developed a socio-economic development strategy, which involves filling gaps in the life of the region.

### **5. Research Methods**

The study consists in examining the development strategy of the Novgorod region, determining the best ways to transform the region into an investment site, and forecasting the results of strategic activities.

The research methodology includes: search for data on the regional development strategy; analysis of the activities and capabilities of the Novgorod region.

## **6. Findings**

What does “sustainable development of the region” mean? K. Brundtland was able to give a key concept to this phrase, considering sustainable development as a balance between present and future generations (Brundtland, 1987). This means that we must ensure economic growth while preserving the environment.

The ecology of the Novgorod region is an advantage of the region, the economy is its disadvantage. The aim of the region is to develop the social and economic sphere, to preserve the natural sphere.

Assessing the level of development is a problematic process, since there are no absolute indicators for assessing it; they are all relative. The whole range of relationships within the region should be taken into account (Smirnov, 2007). If earlier, for example, the development of a region or a country as a whole was determined with the GNP indicator, then at the moment the human development index is considered more relevant, which includes, in addition to the income level, indicators of life expectancy and educational level.

Development is always a complex process. Changes in one area necessarily entail changes in another. In addition, the development process is a certain cycle. For the Novgorod region, it may look something like this:

The region needs to invest from its own sources, sources in the form of industry need payments from the government to grow the economic potential, which leads to income, and that in turn forms the wages of production participants, some of which goes to the state budget in the form of taxes, that is an investment.

Very often, critics evaluate the Planning Strategy as the “delusion” that has a place to be. For the next 7 years, the Novgorod region has set itself a whole list of tasks. Novgorod region is actively involved in attracting investment in the production process. A large number of investment agreements were signed at the St. Petersburg Economic Forum. The region, for its part, agreed to invest projects on its territory.

The Novgorod region not only promises development, but also tries to guarantee it. Currently, the region supports investment and project activities and contributes to the development of this area. The region has every chance to get as close to its goals as possible.

## **7. Conclusion**

In this study, the task was set to study the ways and directions of development of the Novgorod region.

Regional development is a mode of improving all spheres of life in the region to ensure the sustainable potential of the region.

During the study, the author analyzed the law on the “Strategy for the socio-economic development of the Novgorod region” and found the following data.

In 2019, the average monthly wage fell by 2.9%, while at the same time, prices in stores increased in large proportions. Already in May 2019, the unemployment rate increased by 0.2 p.p. compared to April of the same year. In addition, the region has a high mortality rate.

The indicators in the social sphere remain disappointing, but in the production sphere, the Novgorod region shows good results:

In the field of mechanical engineering, the region's indicators are 153% from the previous year; clothing production – 150.6%; other finished products – 140.7%.

In addition, the region continues to cooperate with foreign countries, and for 2018 its total exports exceeded \$ 1342 million.

By the beginning of 2019, the volume of state debt of the region decreased by 135.9 million.

From the foregoing, we can conclude that the economic side of the life of the region is developing. Despite the poor performance of the social sphere, the region began implementing national projects. The Coordinating Council for Public Control will primarily monitor the implementation of national projects such as: “Safe and high-quality roads”, “Urban environment”, “Health care”, “Ecology” and “Education”.

Thanks to the data obtained, the following conclusions were drawn: the region really promises to develop and does not stand still. It remains only to observe his actions. So far, only the production sector is developing widely in the region, while the social standard of living of the population remains at a low level.

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