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STRATEGIC PLANNING IN CITIES OF RUSSIAN NORTHWEST: CHALLENGES OF IMPLEMENTATION AND SPECIFIC FEATURES OF ORGANIZATIONAL APPROACHES

INTRODUCTION

Over the last 10 years a significant number of Russian regions and municipalities have launched incorporation of strategic planning techniques into local government as an important tool for territorial management. Strategic planning constitutes a new practice both for Russian local authorities and for civil society, as previously they had neither experience and skills nor traditions in participatory planning and independent policymaking. Prior to political and economic transition, in the former Soviet command and control system, strategic planning was not practiced at the city level, as independent local planning and financing wasn't allowed. Cities' development was managed exclusively from the outside, as general plans determining the spatial allocation of settlements, enterprises, services and recreation zones were designed and approved by central government and sent down for the territorial implementation thereafter. Cities and municipalities were not considered as economically independent administrative units and therefore the public consent for implementation of externally drafted strategies was not required.

The first Russian city to adopt strategic planning and to develop its Strategic Plan in 1997 was St. Petersburg, later followed up by a number of regions and municipalities of Russian Northwest including the cities of Kaliningrad and Pskov, and cities in the Leningrad region and in the Republic of Karelia. Application of strategic planning mechanisms made by local authorities generally pursued a typical set of objectives such as: 1) contingency rundown and development of new positive visions of the city futures; 2) identification of long-term territorial frameworks, including their main strategic goals, objectives and priorities; 3) consolidation and integration of local stakeholders and civil society for further social and economic growth of the city based upon jointly developed strategic priorities, etc.

It is essential to emphasize that while at the end of the 1990s strategic planning was rather a "new fashion" in local governance, today the awareness of both necessity and advantages of the implication of strategic planning principles, practice and process for the whole local community has been achieved by regional and local officials.

In the current practice of Russian municipalities the most widespread types of core planning documents are: medium-term forecasts (19%), strategic plans for 10 to 15 years (35%), concepts of social and economic development for 7 to 20 years (42%), spatial planning

documents (62%) and mid-term action programs (74%) (Grinchel and Kostileva, 2002: 14). The number of municipalities (both cities and districts) drafting these types of documents can be estimated as 350 (one third from the total number), while the maximum number of cities familiar with strategic planning and in fact applying its elements is around 200. Approximately 75% of them (about 150 cities) have drawn up a document comprising a local development strategy, which has been already approved and is now being implemented (Zhikharevich and Limonov, 2003: 26). Fifteen to twenty more advanced cities have entirely incorporated strategic planning techniques into the practice of local management (i.e. the cities of St. Petersburg, Ekaterinburg, Novosibirsk, Obninsk, Vladimir, etc.) and possess sufficient experience in strategy making and implementation processes.

CHALLENGES AND THEIR ROOTS

The analysis of local governments' experience in the implementation of strategic planning mechanisms demonstrates that the municipalities of Northwest Russia (including all types of local communities involved in drawing up first or subsequent strategic documents) are currently facing the same set of crucial challenges (Illustrated in Figure1).

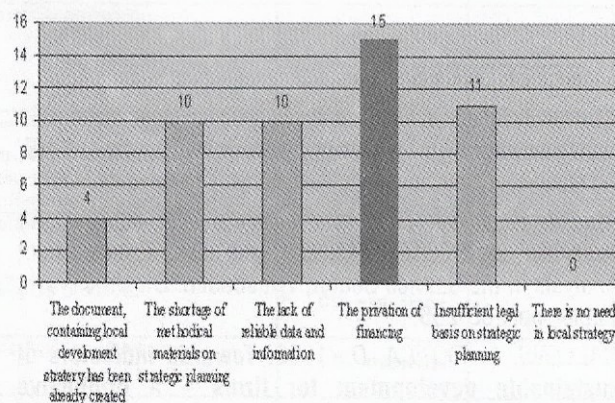


Figure 1. The main obstacles in strategic planning processes
(Source: Resource Centre of Strategic Planning under Leontief Centre, access May 2007: www.citystrategy.leontief.ru)

The present paper aims to dwell on some of the above mentioned problems as well as to point out several additional issues that are considered to be highly important.

- The shortage of specialist reference materials available in municipalities distant from metropolises and considerable differences in technical approaches to strategic planning result in the lack of a generalized, standard perception of strategic planning as well as of the process of strategy development and implementation. In spite of the fact that cities and municipalities located closer to St. Petersburg do not really suffer from such a lack of information, the absence of a generally accepted perception of strategic planning is still on the agenda in these territories. The analysis of many of the documents discussed in the introduction clearly demonstrates that most of them can be hardly called "strategic". Normally, foregoing documents are not interchangeable but complementary and can be used jointly, meaning that local strategy is to be supplemented with a comprehensive plan, spatial planning documents, action programs, long and mid-term forecasts, and a local budget. They are not mutually exclusive but rather can be successfully blended.
- Legal vacuum and lack of institutionalization, i.e. none of the levels of authority (federal, regional and local) has created a sufficient legal basis for strategic planning implementation such as: planning procedure (drafting, including the main actors, scope and ways of local society engagement, approval, implementation, further adoption and renewal, the ways of financing, quality assessment), system of strategic and complementary documents and requirements to their structure and context, legal status of developed strategies. It is obvious that only its legal status protects a document featuring local strategy from the direct influence of the changes in election cycles and secures its place in the local government system. We should also bear in mind the fact that in current Russian reality if the rule of law obliges public officials to do something, then it does not necessarily mean that the requirement will be fulfilled unconditionally and properly. But if a requirement is not legally binding, then the chances it will be met are close to zero point. This problem is exceptionally relevant for the overwhelming majority of Russian cities and municipalities, as in most of them local legislation is underdeveloped and needs to be improved. It is also worth mentioning that some of the challenges to be further considered are generated by the existing "legal vacuum" at both local and regional levels.

- The lack of reliable data, mentioned by the local administrations as a serious obstacle, is viewed by the author as an impressive argument in this "problems list" since local authorities are obliged to collect firsthand information on actual local social and economic conditions, otherwise what could their obligations possibly be if they are incompetent in this area?
- Another challenge, which presents a serious barrier but for obvious reasons has not been mentioned by politicians, can be identified as "conservatism of the local administrative staff machinery". In some territories local officials are still pre-conceptualized against strategic planning as a management tool, maintaining a bias that drafting a local development strategy is a prerogative of prosperous local communities. Being sure that "it is not our concern and just distracts us from the essentials", local bureaucracy is not interested in the introduction of strategic planning principles and procedures, especially if not required and controlled by upper government levels. Officials' indifference or even apathy also entails a poor demand for outcomes of the new academic research in fields of strategic planning and local social and economic development as well. In this respect the municipalities of Russian North-West can be identified as "advanced". Their important location and consequent investment attractiveness as well as positive experience of "big neighbor" – St. Petersburg has encouraged them to implement strategic planning elements and procedures into their respective local government system.
- The fifth problem, probably relevant for all the municipalities, consists of permanent insufficient financing of strategy design and implementation processes. It is obvious that strategic planning is an expensive initiative and the larger scope of local community involvement the higher its cost.

In the second part of the paper we will try to deal with the following issues: What types of strategy-making process are applied in Russian municipalities? To what extent is the process open to multilateral dialogue among various interest groups of the local community and hence can it gain financial support from main stakeholders? What sorts of funding schemes are applicable and how can a certain approach to strategy-making process influence the selection of the ways of financing?



ORGANIZATIONAL APPROACHES TO THE STRATEGY-MAKING PROCESS

Building on actual practice one can identify four approaches to strategy-making processes currently existing in the cities of Russian Northwest, allowing one to determine and substantiate thereafter the most likely funding scheme for creation and implementation of local development strategies.

Administrative Approach

The first approach to strategy-making organization can be defined as an "Administrative approach", and has been widely used in small towns with around 20-40 thousand inhabitants. A lot of Russian local public officials share the opinion that "no citizen knows the current local situation better than we do" and "community's concern is a qualitative implementation of the decisions taken" (Vinogradov and Erlikh, 2001). Once the local authorities have introduced this way of drafting, it means that strategy development processes are carried out in exceptional isolation, by a very narrow body inside their respective local administration. The population, stakeholders, various representative groups are neither informed about the progress nor involved even partially in the strategy adoption. That is, no sitting at the bargaining table, no advertising and no public hearings. At best, some of the most influential local economic agents are informed afterwards.

This approach is evident, aside from a lack of public participation traditions in local governance, when the local community is completely disorganized, perplexed and unmotivated, and it works only if very powerful and an influential political leader heads local administration. The strategy created under technique of an Administrative approach usually possesses a status of "internal administrative guideline" without any legal approval. And, hence, the provisions of the document are in no way legally binding for local officers.

In general, the local budget is the only source of funding for planning initiatives under such a decision-making approach. From the financial point of view, this approach seems to be the less expensive as it does not require contracting high standard urban planners or the expense (as a rule, from a subsidized budget) of community involvement actions, advertising actions and overall promotion of new development strategies. Furthermore, the outcome of a planning process (i.e. strategy or strategic plan, including a vision and priorities of the city's future) organized via the Administrative approach technique, as a rule, is of a low quality, weak and unfocused. Thus it scarcely gives the right direction for the future development of local community. At the stage of strategy implementation there will be limited opportunities to reveal disadvantages and faults, and to have it renewed and adapted. This approach does not leave any room for the reciprocal learning and improvement of participatory planning skills

both of local officials and citizens. In the long run, this approach allows mistakes at the local level to persist, which could have been avoided or rectified a decade ago. Finally, in light of changes in the political leadership after election cycles, the implementation of community strategies are often stopped as management succession is not provided. Obviously, the issue whether such planning mechanisms should be termed as "strategic planning", at all, remains open.

Elitist Approach

The second approach can be defined as an "Elitist approach" (local authorities + business elite). Employment of this technique of planning decision-making implies city administrations trying to mobilize local recourses on the one hand and somehow fulfilling a legal obligation to community involvement on the other. Moreover, it involves a narrow circle of local stakeholders in a strategy development initiative.

Selection of potential stakeholders in the establishment of an alliance with local authorities is generally carried out according to the preferences of the highest local officers, but not in accordance with any representative principle. That is, a local "government capture" (Pallai, 2006: 8) when corrupted officials and main local economic agents enter in collusion over future mutual benefits. The planning procedure is not fully transparent; local community interest groups are not engaged and therefore they are left unrepresented in the process, which is conducted exclusively by a temporarily created project group.

Strategic documents developed under this technique possesses, as a rule, the status of so-called "local partnership agreement", implying that the representatives of the strongest local stakeholders endorse the partnership via a "strategic partnership declaration" whereby they agree to contribute to strategy implementation. In this situation the proclaimed agreement can be defined merely as "moral and ethical" without having any legal power, and therefore its implementation is not mandatory for its endorsers or signatories. It is obvious that only a status of "community law" (i.e. when the strategy is approved by a local representative body) can validate the partnership of the involved stakeholders and provide succession in the strategic planning process, irrespectively of any political instability and fluctuations. Figures 2 and 3 illustrate the differences in the ways of approval of strategic documents at both regional and local levels.

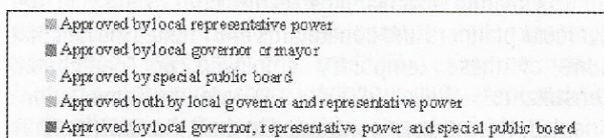
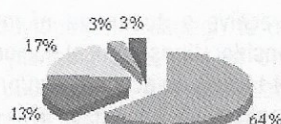


Figure 2. The possible schemes of local strategy approval
(Source: Resource Centre on Strategic Planning under Leontief Centre, access May 2007: www.citystrategy.leontief.ru)

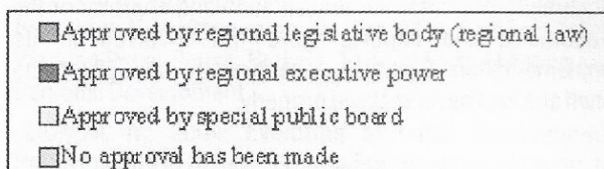
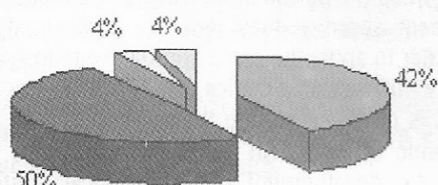


Figure 3. The possible ways of regional strategy approval
(author's calculations)

As long as planning decision-making, occurring within the scope of an Elitist approach, is manipulated for the interests of a small group of involved actors, its outcome (i.e. strategy or strategic plan) is not perceived by citizens as a "community based strategy" because it represents only a narrow range of interests that eventually aggravates a credibility gap in local administration – citizen relations.

Typically, two variants of funding are relevant to this approach. The first variant consists of joint financing, whereby local budget and involved stakeholders' funds are united in different proportions. The second one is to finance strategy-design processes fully from stakeholders' money.

The potential risks of applying an Elitist approach to strategic planning are evident: the principal of 'balanced' public participation in planning policy-making is violated; the developed strategy is weakly focused and not equitable from the perspectives of all local community; and the social and environmental issues remain unsolved, as often the strategy comprises of merely local economic development priorities.

The evidence from municipalities which employed this distorted form of strategic planning excluding a large part of local community, shows that developed strategic plans either failed to be properly implemented and left on the shelves, or did not have any sufficient impact on local community development in the long run. Definitely within

the scope of this approach, the principles of strategic planning are violated as the strategy-making process is manipulated for the interests of a small group of invited actors on the one hand and local administration on the other.

This planning model is relevant for resource-oriented, mono-economic cities such as those having two to four large-scale enterprises bringing the lion's share of the municipal budget's revenue while other small entrepreneurs are not interested in cooperation, believing that new strategy will hardly have any profound beneficial effect on their businesses. Until recently, this strategy-making scheme was widely implemented by the municipalities of Kaliningrad and Leningrad regions.

Populist Approach

Another approach to the development of a local strategy can be defined as a "Populist approach" it is characterized by a very strong popularization and advertising by mass media and public forums. of strategic planning, as such, as well as of the documents produced. The new development strategy is usually associated with the rise of a new local political leader or leadership and is highly promoted during the selection campaign, but in fact this planning initiative simply turns out to be a PR exercise. Here we can say that, within the scope of a Populist approach, urban planners are not strictly adhered to a strategic planning methodology but just use the label of strategic planning for individual political benefits.

Under the framework discussed, both unilateral and multilateral ways of financing are applicable. Sometimes, the process can be partially or fully assisted by the funds of the election budget, or can be financed by the election campaign donors or similar external sources of funding. The disadvantages of donors driven planning initiatives are well known. The context of the drafted strategy is deliberately simplified and often constitutes the "list of good intentions" or "political declaration" where indicated perspectives are not integrated with local specific conditions. Included priorities reflect merely the interests of privileged local stakeholders, even though "public participation" takes place in some cases. Implications of a Populist approach eventually lead to the implementation failure of a developed strategy.

Grant Approach

The last approach can be defined as a "Grant approach", whereby the primary source of raising funds for the strategy design process is grant funded. The variety of special national and international organizations provides grants on a competitive basis. Lately, the TACIS Program, Eurasia Foundation, Open Society Institute (Soros Foundation), EUROGRAD Institute, the World Bank, USAID, EBRD, Ford Foundation, Moscow Public Science Foundation, Leontief Center, UN-HABITAT, Department of International Development DFID (UK) are among the

funding organizations most proactive in small and medium-sized Russian municipalities. On the other hand if we look at the large cities and regions with a population equal to or greater than 1 million inhabitants, then the substantial part of financial support is obtained from foreign governments, city administrations and research institutions. Figure 4 clearly shows that about 58% of the examined cities have opted for this form of financial assistance.

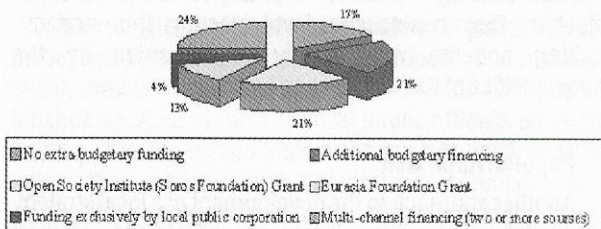


Figure 4.

The sources for funding strategy making processes in Russian cities
(author's calculations)

As a rule, this type of funding presupposes outsourcing external consultants and experts for strategy-making processes. Due to the wide popularity of external consulting, both Russian and foreign donor organizations and experts in the above discussed framework merit some attention.

According to grant terms, international experts are supposed to participate (perhaps jointly with local consultants) at some stages of the strategy-making procedure when funding is provided by a foreign sponsor foundation. But the evidence from Russian municipalities demonstrates that along with a number of undisputed merits, a key disadvantage of cooperation with overseas planners and consultants is their previous personal experience (although sounds paradoxically). The point is that in the strategy development process, foreign experts tend to replicate their professional experience acquired in national contexts other than those of Russian political, social and economic conditions. Differences in the treatment of strategic planning, in the insufficient or poor awareness of the local specific context, and in the superficial knowledge of both Russian federal and local legislation all substantially reduce the effectiveness of international consulting.

As to internal consulting, two key disadvantages ought to be stressed. The first fault of local administrations is obvious in the situation when having a financial support for the purpose of obtaining a new local planning initiative. In this situation, local administrations outsource the development of a local strategy project to the external planning organization and take a destructive stand as the "outside observer" without any, even partial, participation in its development process. Consequently local

administrations can receive a document of low quality because important considerations of local socioeconomic development were not taken into account and/or available information was overlooked.

The second disadvantage relates both to Russian and overseas planners and consultants and implies the fact that none of these temporary employed or "parachuted consultants" (Pallai, 2006: 11) are implementation-oriented. Having been contracted to draft the strategy, they leave the strategic planning process at the moment when the strategy must be adopted and implemented by the local management system. Oftentimes, administrations turn out to be incapable of implementing the new strategy. Consultants are not interested in seeing whether the outlined priorities will be achieved in a predicted time. And after document approval they move to another city or district in order to apply the same approach and the same methodology. In Russian practice, the city of Pskov was faced with this challenge during the creation of their first socio-economic strategy. An external consultancy was outsourced the development of a new local strategic document, but, after the presentation and approval of the document, the experts were not involved in its implementation. Eventually, the strategy was left on the shelf and was never realized properly.

CONCLUSION

The paper has focused on the identification of crucial challenges local governments have faced in their attempts to implement strategic planning and on the analysis of various organizational approaches to different types of strategic planning and decision-making.

This focus can be concluded with the following statements:

- The crucial factors preventing strategic planning from being properly incorporated into local government systems are: legal vacuum; differences in the treatment of strategic planning from municipality to municipality; insufficient financing of new planning initiatives; preconceptions against strategic planning in the local administrations;
- Some of the above challenges are predetermined by the absence of successful experience and longstanding traditions of strategic planning in Russian cities and municipalities. This statement is to a great extent relevant for other countries from the former Soviet Union, where traditionally only short-term planning methods were used as well;
- The diversity of organizational approaches to how strategic planning should be implemented in fact reflects the conditions of local governance in today's Russia where each administration perceives the issues of local government and self-government in a different way; and, lastly,

It is obviously not enough to merely maintain major strategic planning principles in order to implement its process successfully and adequately. Rethinking local administrative systems is necessary to overcome existing barriers, including amorphous social environments (in the absence of community development and planning), corruption, legislative and credibility gaps, permanent budget deficits and a lack of local authorities' accountability to its citizens.

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