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Programs of regional development revisited: case of the Russian Federation

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One of unexpected results of the economic reform in Russia was the rebirth of interest for regional programs as documents of strategic planning. Regional and municipal authorities, scientific community (not only Keynesian-like, but liberal economist Friedman-style as well), big and small business community, and civil society structures, now emerging in the Russian regions, all demonstrate their interest towards regional programs.

Of course these documents are not of directive character now. They are of coordinative, partnership nature, oriented to consolidate efforts and resources of the state, business, citizens for modernization of the regional economy and increase of the GRP. Their ideology is based not only on principles of Soviet economists under the Gosplan era but on the achievements of institutional theory, theory of regional markets and the experience of regional policy in the European Union.

Regional programs under the period of economic reforms and the pioneering days of the Russian federalism have articulated anomalies and regularities of the federal economic policy. One can reveal two distinctly different periods for the regional programs: 1) 1992-1999, partly 2000; 2) since 2001 till now.

The first period was the boom period for the regional programs. Under the Soviet Union the majority of Russian oblasts and republics did not have special federal programs as they were elaborated for the big economic regions, problem territories, regions of new colonization as a rule consisting of several contiguous regions. From the beginning of economic reforms this tradition has been violated. Numerous Russian oblasts and republics as well as macroregions like Siberia, Russian Far East has got their own federal programs. But macroregions demanded such amounts of federal spending that weak state could not provide. And political dividends from the macroregional federal programs because of their amorph nature were much less than from the federal programs on Oblasts and Republics.

Regional programs of 1990-s inevitably had numerous faults according to the classic norms of the Soviet period. For instance, each regional program was managed in a different way, and very often in the impromptu manner. But in the situation when the state denied to continue financing previously begun projects, under the circumstances of radical change of national economic model from the plan and command to the market economy they could not correspond them.

Regional programs were like buffer of the high economic and social costs of the reform for many Russian regions; from being the strategic documents of the Soviet plan and command economy they become the tactical means to get federal financing for the investment projects initially economic and then only social direction. To get state investment resources other than

through umbrella of the special federal program for this region (after abrupt decline of budget financing along the departmental channels) was absolutely impossible.

Accent of regional authorities on the regional programs has reflected their desire to keep control under the situation, to order the direction and speed of reforms in their region under the condition of general economic ambiguity and rapid changes of the general economic situation in the country. The process of hammering out the official federal act to approve new federal program of regional development (as many other aspects of interaction between the federal center and the Russian regions) had the character of bargaining game: that is, regions defended their interests in exchange for political loyalty for the weak federal center. As a rule arguments for the unique peculiarities of the definite region were utilized to make the federal program for that region a reality. Investment projects of the regional programs were examined in the federal ministries where usually regional appetite for the federal money was cut. Many regional programs were monitored under the state exapertise agency in the Federal government.

During this period new federal law "On the provision of products for the federal demand" was adopted. On the base of this act "Rules to elaborate and implement federal programs" were prepared in 1995. These documents were oriented for the departmental and functional federal programs and took into little consideration the specific features of the regional programs. They included new ideas of federal co-financing of the investment projects (in reality the majority of them for a long period still rely upon federal financing and region's part in the financing was fictitious).

The number of federal programs of regional development approved by the federal government has been increasing constantly: in 1996 there were seven, in 1997 - seven more, in 1998 - nine more. Some programs were approved by the decrees of the President, not by the federal government. So there were dozens of regional programs with federal status in reality. The growth in numbers of the federal programs of the regional development had on reverse side constant underfinancing of their projects. At the end of this period the real federal financing of the majority of the regional programs did not reach 10-15% of the prescribed amount.

All reorganization of the second stage provided the increase of the federal control in the regional programs and reflected federal government concern with the increasing social and economic contrasts between Russian regions. After first 10 years of reform and economic crisis territorial zones of poverty and economic depression have been enlarged, interregional contrasts have been strengthen, and mechanisms of interregional economic interaction have been collapsed.

Problems of interregional contrasts were first raised in the late 1990-s. But in the period of economic crisis there were no possibility to channel even limited resources for their solution.

And only on the second stage of after-default dynamic economic growth the possibility to elaborate structural and financial solutions of the problem of inequality between the levels of development of the Russian regions become the reality. New institutions adopted in this period were pointed for this goal.

We mean new federal program "Diminishing discrepancies in the social and economic development of the regions of the Russian Federation (2002-2010 and till 2015)", which become the core of the "Regional parity" block of regional programs of federal status; model make-up of the program of social and economic development of the Russian region; federal fund of the regional development which was the financial source for the projects of the program of "Regional parity".

Previous system of the regional programs which reflected the spirit of bargaining game between regions and weak federal center for the investment transfers and were adequate the realities of 1990-s experienced transformation along several directions. First, the total number of the federal programs for the regions was decreased. Now seven programs form the regional parity block: Russian Far East and Baykal Region including special program for the Kurils Islands (with transportation and power supply priorities), Russian South (transportation, agricultural and environmental priorities), development of Kaliningrad Oblast as strategic border territory of the Russian Federation; development of Tatarstan and Bashkortostan, which are entering the federal fiscal area and because of this get federal compensating support.

Total amount of the federal budget expenses for federal programs of the regional development for 2005 fiscal year is 29,3 bln roubles. Among them 21,3 bln roubles (72,6%) are channeled for three programs - Republic of Tatarstan, Chechen, and Bashkortostan (table 1).

Secondly, in place of dozens of federal programs of regional development new federal program "Diminishing discrepancies…" came into existence which embraced many projects to develop social and communal infrastructure which previously had been inside the federal programs of the Russian regions. Projects of 40 regions since 2002 have been financing from the new program, and total amount of federal financing for this project is several bln roubles.

Thirdly, model make-up was prepared, and Russian regions can utilize its format to prepare their own regional programs for registration in the record of Ministry of economic development and Trade. There was suggestion that these regional programs also will be the tool of the policy of diminishing discrepancies and therefore their projects will receive federal co-financing from the program "Diminishing discrepancies…" and some other social federal programs.

Table 1

Federal budget expenses for the federal programs of the regional development
(according to the Federal Budget Law of 2005)

	Sum, thou roubles	Share in the total federal spending for the federal programs of the regional development, %	Share in the federal budget expenses, %
Development of Kaliningrad Oblast for 2010	1 048 750,0	3,6	0,03
Economic and social development of the Russian Far East and Baykal Region for 1996-2005 and till 2010	937 900,0	3,2	0,03
Social and economic development of the Kurils islands of Sakhalin Oblast (1994-2005)	225 000,0	0,8	0,01
Russian South	2581 000,0	8,8	0,08
Social and Economic Development of Republic of Tatarstan till 2006	9 922 240,0	33,9	0,33
Economic recovery of the Chechen Republic	5 820 000,0	19,9	0,19
Social and economic development of the Republic of Bashkortostan till 2006	6 248 860,0	21,3	0,21
Diminishing discrepancies in the economic development of the Russian regions (2002-2010 and till 2015)	2518327,2	8,6	0,08
Total	29302 077,2	100,0	0,96

Transition to one integral program “Diminishing discrepancies in the social and economic developent of the Russian regions (2002-2010 and till 2015)” which included numerous projects formerly effective federal programs of the regional development was natural to regulate federal obligations for investment projects and to balance these obligations with the real possibilities of the federal budget. It was better to have one federal program whose projects are assured to finance than numerous non-financing regional programs.

The ideology of the new Program was that was the most popular in the society and with the authorities that time: diminishing interregional contrasts through state investment support of the objects of social and communal infrastructure under the umbrella of the Federal Fund of the regional development.

For the regions the Program was one of the few possibilities to get federal co-financing for the key social projects – new and old. Many old projects elsewise could be stopped as federal programs of the regions had been finished. New Program could provide the completion of many projects previously initiated under the former federal program of the regional development. But the guaranteed federal financing on the program “Diminishing discrepancies…” was much less than the total financing on the general sum of previous federal regional programs.

Financial source for the program “Diminishing discrepancies…” was the Fund of regional development. This Federal Fund finances the rest program of the regional parity. In

reality Fund only channels federal investment transfers for the infrastructural projects, but does not play any independent stimulating role. Consolidation of financial resources for the regional projects was a sort of mechanical. It is not the tool of active budget policy but only redistributional financial institution for the regional projects.

European analogue of the Russian fund of the regional development - Structural Funds of the European Union have much more rights in establishment of the independent financial policy. Russian regions who should get federal financial support under the program "Diminishing discrepancies…" are those in which the volume and duration of the economic decline, decrease in the life level, in the employment level, in the provision of the social services are more than average Russian indicators. In reality region-participants of the program who got investment transfers during the first years of its existence were not only territories with economic depression but economically viable territories as well.

There was statement in the program that regions-participants should be selected on the criteria of the most striking differences in the levels of social and economic development and when there are not enough resources on the regional and local level to solve them. But till now there are no officially adopted criteria to select regions and projects.

After the elaboration of the program the natural question was arised how to provide transparent distribution of the federal budget resources for its projects. The challenge to create competition of the regional projects for co-financing of the federal budget was new for the practice of the Russian federal regional policy. Because of unknown character of such procedures one constantly appeal to the foreign experience, first of all of the European Union, to find there competitive algorithms, criteria of the optimal distribution of limited budget resources.

A lot of projects previously financed by the federal budget and still under construction were included in the program "Diminishing discrepancies…" and therefore receive the right to get at least part of the necessary federal money. So under the conditions of the project competition we should separate the financial demands of old and new projects. Another barrier to create formal procedure of money distribution was essential differences inside the projects themselves (new, old, social, communal, schools, hospitals, etc.).

One plan to organize two-staged competition. After credit evaluations with the external regional and internal project criteria and selection of the projects by experts in each direction with some excess of the quota on the federal transfers on the first stage, Dutch competition was planned for the second stage.

The idea was that on the top of the list should be projects in which regions are prepared to give up the initial share of the federal budget maximally. The less is federal budget share, the more deny from the initial demand on them the more chances to get money. Winners of the

competition are recognized projects from the top of the list till their total amount of federal financing does not exceed the quota for each direction. At the end of the list are projects in which regions refuse to decline initial shares of the federal budget.

Model technique on competition has not been approved by Ministry of Economic Development and Trade till now, therefore official competition between regions for the project money does not function. Last years first 10 regions got more than 50% of the total money of the program, and rest 30 – second half of it. Gradual transition to the real competition could get more equalized distribution of the money between regions.

In 2002 40 Russian regions got 2 bln roubles of investment transfers for this Program that makes more than one third of the amount of fund for the regional development (not included Republic of Tatarstan). Three fourth of the projects and more than 60% of all program federal money were channelled to support communal infrastructure. Lots of communal projects of the Center and Povolzhie dealt with gazification of the rural settlements and its water supply. In the projects of Siberian regions power and heating supply were dominated. Siberian, Southern, Ural, Povolzhie regions suggested social projects for the federal co-financing.

Share of the investment transfers for one region in the Central European Russia was much less than for the Siberian and Povolzhie republics and oblasts which got the majority of the program financing (table 2).

Far Eastern regions did not get program financing owing to informal ban of the Ministry of Economic Development and Trade: as these regions have already had their special federal program “Russian Far East”. But on the other side the existence of the special federal program “Russian South” did not bother Republics of the Northern Caucasus to receive essential money in the program “Diminishing discrepancies…” Russian federalism was asymmetric in this question too.

Table 2

Federal Program “Diminishing discrepancies…” - distribution of financial resources among macroregions in 2002, %

Macroregion	Share
Siberia	32,2 (11 regions)
Povolzhie	28,9 (11 regions)
Center	18,3 (12 regions)
North-West	10,2 (4 regions)
South	6,4 (1 regions)
Urals	4,0 (2 regions)
Total	100,0

There are two viewpoints on the program “Diminishing discrepancies…” The prevailing attitude is very critical because of the evident fact of striking contradiction between the scale of

the goal which presupposes energization not only social but also economic development of the lagging regions, and very limited "communal" tools to solve it, that is with the help of new and old projects in communal and social infrastructure.

Another viewpoint is that new program mark new important tendency when federal program for the regions has the goal to support not abstract economic and social development as it was the rule in 1992-2000, but the solution of the important national problem. Old ideology "program for the region" is replaced by new ideology "program for the problem". So best practice of the Soviet period when many state territorial programs were oriented for the solution of the big economic problem contradiction in the development are being restored. But that time territorial programs acted as a rule in the limit of united problem zone including several regions. Now closer to the traditions of the Structural Funds' EU practice the focus of the program is to support dispersed not necessary adjoining each other regions on the basis of social and economic criteria.

After the loss of federal status of many regional programs federal center suggested to the regions to elaborate their own regional programs and then record them in Ministry of Economic Development and Trade. Model make-up of the regional program and its appendices gave format how to elaborate such program, the rules how to adopt it and record it. The idea was to limit federal financing (first of all of the federal program "Diminishing discrepancies…") only for the projects included in the regional programs registered in the Ministry of Economic Development and Trade.

Model make-up has inspired ambiguous reaction among the experts. One point of view was that it included lots of indicators but did not give recommendations how to reveal the most urgent problems on their base and how to prove the key directions of the development[1]. Model make-up included demand to estimate the efficiency of the social projects. But this task was considered as very difficult even among the experts. (Situation is better with commercial projects where there are clear algorithm to measure their efficiency.) One mentioned that the document was loaded with tables, ambiguity in the utilization of the price indicators (in current or constant prices) and some other contradictions.

The other point of view was that Model make-up was the document of the developing Russian federalism and its evaluation should take this into consideration. In the federation the center poses federal standard which can take the shape of per hour salary, southern border of the Northern territories, amount of gauranteed state medical services, etc. And federal Model make-up has created conditions to combine federal rules and regions's creativity inside them.

[1] Shtulberg B.M. System to prove prospects for regional development//Methods to prove prospects for regional development. M.: CRPF. 2004. 229p. Pp. 7-15. P. 10. (in Russian)

After the adoption of the federal program "Diminishing discrepancies…", Model make-up and the approve of the block of federal program of the regional development "regional parity" there are two groups of regional programs: 1) regional programs of the federal status, "from parity"; 2) regional programs of regional status, "registered".

Parity programs are aimed to solve problems of the federal importance, first of all decreasing social and economic contrasts between regions. They reflect that high contrasts inside the Russian economic space are much more than in Europe and in the USA. Enormous variety and extension of the Russian space during the whole period of the Russian history demanded constant program and non-program efforts of the state to provide territorial cohesion of the Russian society. And the very fact of highly centralized political organization of the Russian state was the reflection of the unprecedented vastness of the country. Without no doubt that Russian solution of the problem of territorial cohesion, softening of the interregional contrasts should be stronger and more active in the measures of program regulation than in the other federation.

Regional parity programs deal with borderland western, eastern, and southern regions of Russia, the Volga Republics now entering the united fiscal area of the country, for oblasts and republics whose level of social and economic development at the result of the reform became lower than average Russian. Political integrity of the country depends upon the rate of development of these marginal regions.

If we compare Russian experience to solve these problems of territorial cohesion with the EU experience it is obvious that in spite of bigger contrasts here the amount of federal finances, diversity of the number of tools of program regulation here is much less than in the EU. In the Russian case projects of the program of regional parity are mostly on social and communal infrastructure. In the EU case three Structural Funds support not only social infrastructure but the projects of structural transformation of the economy, creation of the new industries in the depressive areas and the quality improvement of the human resources.

Registered programs are elaborated by the Russian regions on the foundation of the Model make-up of the program of social and economic development of the Russian region[2]. Their official "consumer" are Administration or Government of the Russian regions. They are adopted by the regional parliaments. For the Russia registered programs are new phenomena. In the registered programs there is big potential which still is very weakly utilized in the regional development.

[2] Approved by the Act of Russian Ministry of Economic Development and Trade on November 2, 2001 № 424 (Rules to register programs of the economic and social development of the Russian regions by the federal ministeries were adopted by the same act).

Actualization of this potential is inseparably connected with the transformation of the regional development from the narrow process with limited number of participants into the broad process embracing civil society institutions, business-community, and authorities of each level.

From the beginning of the economic reforms in Russia former monopoly of Gosplan institutions was replaced by the competitive market of the services to elaborate regional programs. Its structure is formed by three types of organizations: federal scientific institutions; departments of the regional authorities or institutions closely affiliated with them; “free lance” structures, small new scientific centers, formally independent both from the federal and regional authorities.

Parity programs are prepared as a rule by the federal institutions, sometimes “free-lance” structures. Registered programs are often prepared by the free-lance institutions, but also federal institutions and the departments of the regional authorities. During the last years niche occupied by the independent small structures has narrowed because of the growth of the share of federal and regional structures. Each structure has its built-in faults in the vision and understanding of the problems of the regional development. For instance, federal institutions know better national economic context, but much worse the concrete specificness of the region; regional authorities, on the other hand, are well aware the specificness of their region but do have some limitations how to see it in the system of the Russian regions and in the national context. The most efficient are those programs where the designer can overcome initial faults of his status.

Great variety of the modern registered regional program reflects the new realities connected with the transition to the market economy. Under the Soviet time territorial programs were similar not only by their structure, but also by their common legislation base, general mechanisms of implementation.

One can mention several factors to create differences in contemporary registered programs: type of structure to elaborate it, ideology of determinism or stochastic in the implementation of the document, the degree of reality, the exact goals the program should solve in the regional economy, type of mechanisms of realization, connections with the other forecasting documents in the regional system.

But key difference between registered programs is their comprehensive or focal character. In general this difference defines the peculiarities of the philosophy how to elaborate the regional program. Comprehensive program continues old soviet traditions when the document embraced all projects of all federal and other big departments on the territory. On the other hand focal program concentrates only on the strategic problem directions of the current and long-ranged development of the region.

The majority of the registered programs are elaborated without alternative scenario, and their authors follow one completely determined way for the future regional economic development. Interesting and rare experience of the program prepared on the "stochastic" principles is Program of social and economic development of Republic of Adygeya for 2003-2007[3]. In it two principle versions were examined: one with the emergence of several new clusters in the region, which can be the poles of growth for the republican economy, and the second with the maintenance of contemporary desintegration between the rural agricultural producer and urban agricultural processing firm.

In spite of general for the regional authorities desire to get federal co-financing for the local projects, their concrete goals and motivations in the elaboration of the regional programs can differ essentially. Registered programs play different roles in the regional political economic systems and are transforming according the ideas and interests of the regional authorities which solve their external and internal goals with program's assistance. External goals are to prove their loyalty for the federal center, to link regional priorities with the national. Internal goals are in utilizing the document to consolidate regional coalitions, to create order in the set of departmental and functional programs.

In different regions programs were embedded in the system of forecasting documents in a different way. For instance, in Khabarovsk kray program is recognized as the major forecasting document of the authority and integrated into the comprehensive system of the regional planning. It is thought that such holistic system of forecasting provides attractiveness the region for the investors[4].

In Tula Oblast regional program is built into the horizontal chain of forecasting "concept-strategy-program"[5]. In Irkutsk Oblast regional program and Scheme of development and allocation of the regional assets coexist and reinforce each other[6]. Same situation is characteristic for Sverdlovsk Oblast. In many other regions regional program exists autonomously without the set of forecasting documents.

Regions' demand for elaboration of the regional program is closely connected with the structure of the economy and its "propensity to the market economy". For instance in Samara

[3] Matveev V.A., Vardomsky L.B. Cluster approach as the instrument to prove the development of the problem region// Methods to prove the prospects of the regional development. M.: CRPF. 2004. 232 p. Pp. 96-102. (in Russian)

[4] Levintal A.B. Development of the regional system of planning in Khabarovsk kray// Methods to prove the prospects in regional development. M.: CRPF. 2004. 232 p. Pp. 41-49. (in Russian)

[5] Fadeev V.I. Strategy of social and economic development of Tula Oblast, its experience and suggestions// Strategies of social and economic development of the Russian regions. M.: CRPF. 2003. 115p. Pp. 56-68. (in Russian)

[6] Dumova I.I., Fedotov D.Yu. The increase of the economic potential of the region on the base of Scheme of development and allocation of the productive forces of Irkutsk Oblast and Program of socila and economic development of Oblast till 2005 //Methods to prove the prospects in regional development . M.: CRPF. 2004. 232 p. Pp. 74-82. (in Russian)

Oblast market forces do work efficiently and so the significance of the oblast program is lower than in the neighbouring Volga regions. On the other hand, in Khabarovsk kray, in Sverdlovsk Oblast the burden of military-industrial complex processing enterprises is very serious. Their adaptation to the market economy carries many social and economic costs. The number of big integrated business-groups is limited. It is not amazing that here programs and schemes as traditional institutions of planning and forecasting are so popular. The demand for them is bigger when market forces are weaker and regional economy itself is larger. In simple and small economies problem of adaptation to the market economy can be solved without the creation of the echelonned system of forecasting documents.

If the regional authorities are aimed for constructive work, programs are tools to increase investment attractiveness of the regions. If regional authorities are rent-seeking structures, then program is the tool to get federal finances for the projects controlled by the authorities.

Now regional authorities as a rule comprehend registered program in a very narrow way as potential source of federal investment transfers. Very rarely do they look at the program as the document of public agreement between the authorities, business-community, big corporate structures, civil society organizations, capable to unite regional community to solve strategic goals of economic and social development.

Council for Research for Productive Forces participated last years in the elaboration of four registered programs – for Jewish autonomous oblast, Republic of Komi, Kemerovo Oblast, and Khanty-Mansi autonomous okrug. Regional authorities were the "customer" of the programs in all cases. Regional economies of these four territories are very different by the total square, complexity, industrial structure, so the elaboration of each program has deepened our understanding of the problems of regional programming under contemporary conditions.

In the Jewish autonomous oblast, located on the Russian Far East, regional budget is highly dependent upon the federal operating transfers, regional economy is extremely compact, and small by size. The impetus to elaborate registered program was the desire to declare its own goals of the long-term development separate from Khabarovsk kray in which Oblast was previously included. Regional authorities hoped to receive federal co-financing for several big infrastructural projects included in the program.

During our work for the program we have attempted to stress new priorities for the development of the region, different from those formed with the authorities, which saw them in the development of the capital-intensive projects in the mining and in logging oriented for the Chinese market. We turned the attention of the authorities for the agriculture, suggested for them Chinese model of the rapid reforms at the result of creation of soybean chain "production-

processing-consumption" on the domestic market, reinforcement of the role of the municipal leaders in the local economic development, activization of the energy of the municipal property.

During this work problems of information isolation of the Oblast from the center, difficulties in coordination between designer and customer were very severe and were one of the major barrier for final registration of the program at the Ministry of Economic Development and Trade.

Spacious Republic of Komi is located on the North of Russia. Its economy is of the medium size, the most advanced are oil and gas and forest industries. Last years mining has been actively developed. In the Republic economy one can see strict separation of the corporate and crisis (non-corporate) sector of the economy. Relations between the regional authorities and big integrated business-groups are of the utmost priority for the economy. Key social problem of the region is connected with the resettlement of the former workers from the Pechora coal basin. It has been aggravated at the result of delayed privatization of Vorkuta and Inta coal pits.

In place of comprehensive programs which were popular among the previous authorities focal program was prepared aimed on the limited number of the most hot problems.

Special program was prepared inside this registered program to support resettlement coal miners from the Pechora coal basin, critical for the long-term development of the region. The accent in it was made for the conditions to increase the integrity and competitiveness of the regional labour market and support the north-south way of the resettlement of the Vorkuta and Inta workers.

Another accent was made for the communication projects based on new technologies to increase integrity of the regional space and to develop regional competitive labour and housing markets. Some of them began realization after the end of the program. In the process of this work efforts were undertaken to adjust goals of the program with big corporate structures of the Republic, but they were unsuccessful. This line was developed as suggestions to develop corporate law in the special block of the program.

Kuzbass (Kemerovo Oblast) is compact region with the biggest economy and the biggest density of population in the Siberia, without self-sufficient budget and long-term problems of restructuring of the old assets of the industrial era. In the program of social and economic development of the Kemerovo Oblast accent was made to prove the necessity to change the model of the regional authority, for the goal of long-term restructuring of the old assets of the region. To prove this statement the experience of the German Rurh whose industrial assets were restructured in 1970-1980-s was utilized.

As in Republic of Komi in Kemerovo Oblast one can reveal corporate and crisis sectors of the economy. Some projects for the crisis sector and approximately 200 projects of social and

communal infrastructure of the coal-cities were included in the program to get federal co-financing. This Program did include several new suggestions of institutional character, for instance institutions of the zone policy to provide holistic transformation not separate depressive enterprises but the whole localized set of them, with infrastructural networks in the compact territory.

Khanty-Mansi autonomous okrug is one of the few Russian regions donators for the federal budget. Therefore it has the ability to finance nearly 50 own functional and departmental programs. For a long time Okrug did not have “united” program capable to integrate private priorities into general strategy of the social and economic development. Our document had the mission to fill this gap.

Many directions of the program pointed two long-term problems of the okrug development, that is restructuring of the basic oil industry and mitigating economic and political isolation of its municipalities. Essential accent was made on the capacity building, that is new ideology of the private-public partnerships, new structures and norms taking into consideration the positive experience of the Alaska and Alberta was suggested. One of the faults of this program is the result of weak coordination with big oil and gas companies in Okrug during the process of our work on the program.

Approving the necessity of focal program rather than comprehensive we tried to reveal in the document the head regional problem which holds simultaneously many directions of social and economic development, we tried to swing another problems of the regional development towards its direction. For instance, in the Republic of Komi it is the problem of resettlement of the excess workers in Pechora coal basin; in Kuzbass it is the problem of restructuring of the industrial and social assets (first of all, shabby housing stock); in Jewish autonomous Oblast it is optimization of the relations with neighbouring Chinese province; in Khanty-Mansii autonomous Okrug it is isolation of the municipalities and restructuring of the basic oil and gas activity.

On the beginning of elaboration of these programs we were aimed to include in them only pilot innovative projects oriented simaltaneously to solve several problems of the regional development and therefore very effective. But registered programs have clear referencing (were initially built-in) to the federal program “Diminishing discrepancies…”, and it includes only projects of social and communal infrastructure. So the major contradiction, the major break in all our registered programs appeared: the goal, tasks in the text are very broad but project mechanisms of their implementation are thin and groovy.

The experience of elaboration of this four regional program has convinced us to separate special initial stage before the Program itself - as research for the elaboration of the program. It should be special stage in the agreement between the customer and the designer of the program.

Accumulation and conceptualization of the regional information which is necessary for the program cost resources of money and time.

The core of the regional program should be scrupulously prepared list of specific problem of regional development. Special efforts should be spent to prepare thoroughly their initial list on the initial stage. And only after one can prepare the whole text of the program with the evaluation of the situation, and goals, measures, and mechanisms.

Broad comparison of the region with its analogues in the Russia and in the world can reveal more clear-cut its specificness and in the era of global markets are not excessive effort but critical necessity to elaborate the program or prepare working materials for it. It is important on the initial stage of research to undertake retrospective analysis of the regional economy on the depth of several decades to track genetic preconditions of the contemporary problems of development.

Shift from administrative to market model of the economic development inevitably carries the change of the nature of the regional program (its goal, major tasks, and mechanisms of implementation). Therefore the whole technique how to work on it is changing. Now it is partnership process of elaboration and implementation in which state agencies, business-community (big and small businesses), civil society organizations are involved. Optimal mechanisms of coordination for all participants are now critical for the success of the whole program.

Yet the necessity to elaborate such coordinative procedures does not mention in any legislative document on the programs. It is admitted that as before it is only the state and its structures that administer the processes connected with the elaboration and implementation of the programs.

The process of program elaboration should be absolutely transparent. That means the creation of the special Internet site of the implementator, for instance, on the special portal of the regional authorities. This site can be the tool to collect and exchange information between the implementator and regional expert society in the constant manner.

Advance of the program together with digital forms of communication demands face to face communication. That is on the first stage as several round tables with regional experts, then as efforts for clear interpretation of the in-between and final results of the program for the regional community. For some regions it is rational to provide special learning block in the program. Only in this case mechanisms of implementation of the program could be adopted by the regional community.

It is well-acknowledged that the realization of contemporary regional programs is unsatisfactory and does not have standard legislative provision. Traditional Direction as the

special body to administer the program is not adequate to the new realities. In practice its role plays regional committees of the economics for which it is additional burden and such administration is executed in a formal way. It is rational to change Direction of the Program by the public corporation which is inside the Department of Economy of the regional Government but has more flexibility in its action.

To realize its measures successfully program should take into consideration the issues of property rights for the regional assets. Norms suggested by the program should include different forms of transformation of the property rights. In judicial, financial, organizational measures for program implementation it is necessary to assign actors like Government, firms, civil society structures, etc. whose interests program should take into consideration.

The whole approach how to prepare information for the projects to receive federal co-financing should be changed. It is rational to create fund to finance feasibility reports for the innovative business-projects in the regions with the assistance of the federal center.

Other countries' experience of the regional programming is covered in many monographs of the Russian scientists[7]. One stated that the result of regional programs could be successful and unsuccessful - when essential resources of the central government had not broken problem sitiation in the crisis region, had not provided rapid development in the pioneer region. The most instructive for Russia is the experience of programming in the spacious foreign federation like US, Canada, European Union, Australia, Germany.

The major conclusion after acquaintance with this experience is that the critical condition in the success of the program is the correct understanding of federalism in the elaboration and implementation of the regional programs. What does this mean? That simultaneously with general federal norms and rules there should be admited considerable creativity of the regions themselves even in the federal programs.

And federal criteria how to select regions and projects in the regional parity programs should be very flexible, combining economic, social, and political factors. It is not necessary to determine problem territories for program support using only one criteria, but it is useful to form territories on the criteria of nordicity, remoteness, special difficulties in the restructuring of the economy.

Federalism does not mean center's dictate for the regions, rather it means encouragement and stimulation of the creativity from the bottom up, from the regions to implement federal

[7] Granberg A.G. The fundamentals of the regional economy. M.: SU HSE. 2000. 495p.; Larina N.I., Kiselnikov A.A. Regional policy in countries with market economy. M.: Economika. 1998. 172p.; Territorial industrial complexes: the case of Lower Angara. Ed. V.V. Kuleshov, M.K. Bandman. Novosibirsk. Nauka. 1992. 342p.; Artobolevsky S.S. Regional development in Great Britain (after-war period). M.: Institute of Geography. RAS. 1992. 165p.; Pchelintsev O.S. Regional policy in Sweden// Izvestiya of Siberian division of the USSR Academy of Sciences. Region: economy and sociology. 1991. Issue № 1. Pp. 60-65. (in Russian)

programs. Federalism means cooptation the plurality of the regional models under the general standard for them all.

In the foreign federations there is no hierarchic system of forecasting in which regional programs is built. Is it useful in the Russian case for the federal level? For the regional level it is the question of voluntary choice of the regional authorities, what type of economic cooredination is more comfortable for it: when the program is included in the all-embracing system of forecasting documents or when it exists in a separate way, or it is rational to avoid regional program as the coordinating document.

Goals to diminish interregional differences are posed and solved in the European Union in a more broad manner than in Russia, though in our country the necessity of the powerful equalizing policy is more. In EU several Structural Funds deal with financial support of the restructuring of the old regions, small businesses, encouragement of the employment in the lagging regions. Each fund is responsible for some regions and its own edge of this policy. Distribution of EU support through several funds increase the flexibility of the tools of the regional policy.

In the Russian case policy of investment equalizing stretches only to the limited number of social and communal projects. Fund of the regional development accumulating investment transfers for the programs of the block "regional parity" does not finance commercial investment projects, does not support even for the business actors with big state influence, but only for the budget infrastructural and social projects.

Now the volume of the current support of the regions in the 2005 was several times more than the volume of their investment support by the channels of different federal programs of the regional development (table 3). But current transfers distributed by the federal fund of the financial support of the regions can not be the efficient tool to diminish discrepancies on the stage of the national economic growth. It is necessary to consolidate investment transfers going for the regions by the channels of dozens of departmental and functional programs[8].

Table 3

Major directions of the federal budget support of the Russian regions
(by Federal Budget Law for 2005)

	Sum, thou roubles	Share in the total budget expenses, %
Interregional regulation of the current budget expenses	260 759 670,0	8,56

[8] For instance, Pchelintsev O.S. From the current transfers to investments in infrastructure: empirical and theoretical basis for modernization of regional policy// Ethnoeconomics in modernization paradigm of national development: resources of stability and reserves of adaptivity. Rostov: Rostov University Press. 2004. 180p. Pp.26-41 (in Russian) and others.

Federal Fund of the financial support of the Russian regions	189 875 736,0	6,23
Fund of compensation	33 386 202,0	1,10
Fund of co-financing of the social expenses	22 997 732,0	0,75
Subsidies to support measures to provide regions' budget balance	14 500 000,0	0,48
Expenses for the realization of the federal programs of the regional development - total	29 302 077,2	0,96
Federal programs of the regional development	26 783 750,0	0,88
Fund of the regional development (Federal program "Diminishing discrepancies in the social and economic development of the Russian regions")	2518327,2	0,08

In the era of globalization, very rapid changes, problems of economic restructuring are of the constant character. Obviously that it is impossible to solve them only with the help of social projects. For instance, Kuzbass needs evidently federal support to mature grains of the new economy near or inside the old enterprises of the industrial era, but under contemporary federal programs of the regional development can get federal money only for the liquidation of the shabby houses and modernization of the communal infrastructure.

Under the federal policy of diminishing interregional discrepancies it is necessary to adopt special program and possibly Fund aimed to support structural transformations of the regional economy and not separate projects which can receive money from the channels of departmental programs. The goal is holistic modernization of old assets located compact and enterprises of the industrial era. It can be federal program "Diminishing discrepancies-2" oriented in contrast with the first not on the social but commercial projects.

Today in Russia there is only one federal program which is oriented not on the development of the concrete region but on the solution of the important national problem (diminishing discrepancies) and support of the dozens of regions. Another programs have departmental and functional character and can not solve the goal to decrease interregional breaks in a holistic way.

One more lesson from the foreign experience of regional programming is in the considerable stress of the procedure how to determine the exact share of the federal co-financing of the projects - which is determined by the concrete type of the project, level of development of the lagging region. Similar shares of co-financing for all participating regions in reality increase social inequality in the country. Low shares of the regions in total investment financing provoque capital-intensive projects and lower the stimuli among the regions. Until now this tool of the Russian regional policy does not function, and the whole fact of federal co-financing in reality is very often sole federal financing of the regional projects.

In the EU there is a program Interreg destined to provide sustainable development of the multiregional border territories. In Russia there is hot demand to develop "joint" zones located on the border lands of neighbouring regions. It can be municipalities or their parts. Special

federal program “Regran” as part of the block “Regional parity” can be aimed to support on competitive basis projects of the border zones of the Russian regions.

One more federal program of the regional development “Innovative region” can be pointed for the support of innovative strategies in the regions and municipalities. Its analogue can be EU program “Urban-2”, German program “Innoregio”.

In the EU Structural Funds are the major tool of the regional policy and not programs. Funds finance programs which have subordinate character. In the case of Russia we have the opposite situation: programs of regional parity are more important than federal fund of the regional development which executes purely accounting functions. Is it useful to continue keeping this situation later? We consider that national traditions of the regional programming let keep the institution of the program in the center of federal policy of diminishing discrepancies. And federal fund should be located in the same Ministry where program of diminishing discrepancies is functioning. (Now Fund is under Ministry of Finance, and program under Ministry of Economic Development and Trade).

Contemporary realities of Russian regional programs demonstrates the presence of several big strategic contradictions:

- between the acknowledgement of the realities of “new economy”, globalization and post-industrial society, and efforts to solve the problems of “parity programs” by the old instruments (federal support of the facilities and not the human resources);
- between ambitious goals to diminish interregional differences and very “narrow” financial tools to achieve it (only fund of the regional development and only to support regional social and communal infrastructure, but not commercial projects);
- between big goals of economic restructuring in the Russian regions which they can not solve and lack of financial support and resources on the federal level for this purposes;
- between the declaration of Russia a federative state and unitary principles of regional programming when general standard has blocked regions’ experiments;
- between the heritage of the Soviet comprehensive program whose traditions are reproducing now in the documents on social and economic development of the Kurils islands, Russian Far East, and European practice of problem, focal program for the whole Federation, like the federal program “Diminishing discrepancies…”

Liberal, market-oriented approach for the questions of regional development and regional policy is necessary and constructive but usually does have natural limitations in its performance, one cannot extrapolate it to all spheres of regional development (though such temptation arises constantly). Only low-minded decision-making persons can try to find the ultimate solutions of the regional problems in the non-program, purely market tools of macropolicy. Attitude for the

regional programs can be seen as partial demonstration of the general fault of purely liberal mind, which also manifests in the actions of the federal social policy and in the chosen tools of regional policy.

Theory and methodology of the management of the regional development under the new conditions in Russia has not been elaborated. But it is evident that regional programs can and must find its place inside it. It is not by chance that they are the only ones among the documents of territorial forecast that has survived in the period of radical reforms. To maintain their viability one need to change ideology, mechanisms of realization, the nature of the projects in the regional programs. New status of the regional program is to be not directive document but the waymark for the regional community about the goals and direction of the regional development, to become the tool of cohesion for the actors of regional economy.

Contemporary mechanism of realization of the programs adequate for the realities of the mixed state-market economy has not been prepared yet. And this defect is even more important than their often mentioned underfinancing. Until now the most important organizational questions have not been solved. For instance, about the property rights for the material assets built under the federal programs with the federal co-financing. Sometimes they have changed their title of property from federal to regional and municipal, and this very important process does not have official order.

Critical thing is to formulate favorable conditions to attract business-community in the participation in the programs, to form public-private partnerships. Attention should be given for the creation of standard rules of project competition, system of monitoring, creation of digital database and contemporary technologies of the public control, improvement of the regional and federal expertise of the programs.

Let us look upon the possible directions of transformation of the regional programs of the federal and regional status. Today there are three types of federal programs of the regional development: 1) programs for the macroregions “Siberia”, “South”, “Russian Far East”; 2) programs for the Russian problem of the regional development; 3) programs for the separate problem territories.

We think that the most problem future will have federal programs of the development of the macroregions. After the failure of the ambitious soviet-style comprehensive programs the transformation of too broad, too expensive and inefficient macroregional programs into more localized and narrow by their problems documents is inevitable.

On the other hand programs on the nationwide problems of the regional development do have the most potential to grow. Problems of globalization, competitiveness of the Russian

regions[9], long-term restructuring of the regional economy should initiate the elaboration of the whole family of new federal programs like “Diminishing discrepancies…”. For instance, “Innovative region” which can help to go from the separated efforts of several regions to create technopolis to the integral federal initiative in this area; “Regran” which can be aimed to provide territorial cohesion of the Russian society through the reinforcement of the economy of the joint interregional zones, “Regional clusters” which can be oriented to support structural transformation of the economy of old industrial regions of Russia.

All these programs will be documents of new philosophy, that is not for the social and economic development of the separate region, but for the important federal problem with the nationwide area, not adjacent regions, but localized area of the projects-winners from different regions. And all these new programs will work for the diminishing of the interregional discrepancies.

The number of federal programs on problem territories will be reduced because of changes of their status from the federal to registered regional. The nature of many programs on depressive territories will change. The major priority will be not investment and social projects but the improvement of the quality of the human resources, that is the increase of their education level and the general stock of entrepreneural energy. This will determine new accent to develop local communities in the small and medium settlements.

There are always two viewpoints on the regional programs. One of their designers and it is very optimistic, the second from the expert community and it is very sceptical. The truth is as always in between. Russian regional programs are not better and not worse than national model of the economy and federalism created during the last decade. But today it is necessary to modernize them to let them provide state limited paricipation in the more problem directions of the regional development.

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