

Final Policy Research Paper

**Evolution of Local Development
Policymaking in Russia:**
from Administrative Planning to Public Policy?

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April 2004

Abstract

In the 1990s, local authorities in the countries of CEE, and also the FSU faced major challenges in the transition to democracy and market economy. First of all, this was expressed in decentralization policies and the expansion of powers transmitted to the local level. Local authorities received greater political and financial independence and were thus given an opportunity to be more responsive and effective in dealing with the needs of their citizens and creating the conditions for economic growth and development of the settlements. However, the previous system of decision-making at local level, commonly known as administrative planning, became unable to meet these realities and had to be changed into one which would be adequate in the new environment and enable the potential advantages of democratization and decentralization to be realised.

In this research, the author examines the evolution of local development policy making in several Russian cities. Each faced the challenges of the transition period in the 1990s and had to adapt their policies and policy processes to the new political and economic realities . Two of the main issues addressed in this work are whether administrative planning was changed by a new system of views on local development and whether it did become more transparent and open to public. Participatory strategic planning approach used in these cities allowed to build up policy-making from ground zero, since local authorities in Russia previously have had neither experience nor skills in policymaking. This approach is claimed as both a *policy* suggesting more effective usage of local resources and better adaptation to rapid environmental changes; and also a *policy process*, a new way of decision-making at local level.

JEL Classification: O21, O18, H77, P21, R58

Keywords: Transition Economies, Russian Federation, Decentralization, Local Government, Economic Development, Planning Models, Planning Policy, Policy Process, Participation, Strategic Planning.

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Cities are made up of people and their hopes – not of buildings and streets.

Augustin, 400 A.D.

Introduction: The Dimensions of the Development

Do democracy and civic participation promote economic growth and development? There has been an increasingly popular discussion in recent years on whether there is *a relationship of cause and effect* between economic growth and the levels of democratization in a society, the levels of participation of its representatives in policymaking. It is one that has divided researchers and politicians into two camps. As regards the theoretical works, Clague et al. (1996) and Haggard (1997) argue that democratic regimes are a better promoter of economic growth than authoritarian regimes. Rao (1984), Persson and Tabellini (1992) and Blanchard and Shleifer (2000) disagree. Olson (1982) actually reverses his position and has most recently joins the proponents of this view (Olson 1993). On the empirical front, Brunetti's 1997 survey of nineteen empirical studies found only one study that identified a solid positive relation between democracy and growth. In the other works, one saw a negative relation, three found a fragile positive relation, four noted a fragile negative relation, and nine were indecisive as to the precise nature of the relationship. Stiglitz (1998) suggests the moderate point of view and claims that countries can strive for openness and participation without fear that it will hamper development. However, this should not be taken to suggest that these processes guarantee success, or that there are no inherent risks in these processes.

In this paper we seek *neither* to answer the fundamental question of what follows what, *nor* to convert the pessimist into an optimist. To this day the question is still open. When the draft of this research was discussed within the framework of a round-table in St.-Petersburg, with the participation of representatives of local authorities, NGOs and experts it provoked a huge debate.

It is true to say that in the 1990s, local authorities in the countries of Central and East Europe, and also the former Soviet Union faced major challenges in the transition to democracy and market economy. First of all, this was expressed in decentralization policies and the expansion of powers transmitted to the local level. Local authorities received greater political and financial independence and were thus given an opportunity to be more responsive and effective in dealing with the needs of their citizens and creating the conditions for economic growth and development of the settlements.

However, the degree to which potential for these developments can be realized, substantially depends on the quality of policymaking. Under the new political and economic conditions, policy processes at local level have to evolve. The previous system of decision-making at local level, commonly known as administrative planning, had to be changed into one which would be adequate in the new environment and enable the potential advantages of democratization and decentralization to be realised. At the same time, the challenges of the transition period and the legacy of the socialism have aggravated various traditional urban problems: housing, urban infrastructure and utilities, poverty etc. Competition amongst cities and municipalities for the resources necessary for development has increased, increasing the importance of priorities being set according to economically effective criteria. Thus, the question of balance between social and economic dimensions becomes a crucial consideration for local authorities in the whole region.

In this research, we will examine the evolution of local development policy making in several Russian cities. Each faced the challenges of the transition period in the 1990s and had to adapt their policies and policy processes to the new political and economic realities. Two of the main issues addressed in this work are whether administrative planning was changed by a new system of views on local development and whether it did become more transparent and open to public. The institutional approach used in this research focuses on the political, organizational and governmental aspects of the policy process at the local level. We examine which are the key actors of the process, how they influence decision-making, which mechanisms are used for the provision of citizens' participation and the representation of the diverse interest of the local community.

In the first chapter, we will make an overview of the background for local development policymaking in Russia. In the second, we examine the environmental variables, which influence the process and offer an overview of the context of local development issues which cities experienced in the 1990s. Further on, in the third chapter, we provide case studies from three Russian

cities – Saint-Petersburg (population 4,6 mln)¹, Kirov (population of 520 thousands) and Cherepovets (population of 320 thousands) and briefly overview the practices from a number of smaller municipalities. Finally in the fourth chapter we analyze various practices of local development policymaking.

1. Background: Legacy of the Soviet Era

The period of Soviet power (1917-1991) was characterized by the dominance of a system of centralized planning by directive. Enterprises were governed by a mixture of plan assignments and limits on the use of resources necessary to carry these plans out. These plan assignments were a component part of the plans for the economic branches and the regions. Territorial socio-economic planning for oblasts, cities, and other territories was always more weakly developed than branch planning.

Soviet cities had no independent policy authority, even so they nevertheless provided consumer goods and had primary responsibility for public services. Some public services, such as health, housing, utilities, and even some public transportation and road building did fall under the responsibility of large enterprises operating in the cities. In most cases, these enterprises provided services only to their employees, but sometimes, as in transportation and heating, they provided services for the entire population of a city (de Melo and Ofer, 1999).

The territorial plans for socioeconomic development formed the basis for the general plans and in the allocation of productive forces. These general plans determined the spatial distribution of enterprises, housing, and services, as well as the provision of recreation zones and so forth. The general plans were resource-justifying documents, i.e., after their approval by the Soviet government, they served as the foundation for territories lobbying for centralized funds for the implementation of the plans. As centralized planning was in practice a way of life for the bureaucratic market (trading to reduce plan assignments and increasing limits on the use of re-

¹ Despite the fact that St.-Petersburg (as Moscow) had the privileged status of the city of “federal significance” which meant that it had the status of subject within the federation, we consider it necessary and useful to include this city in the review. The principal reason is that St.-Petersburg was the first city in Russia where the process of local development planning threw its doors open for broad public participation.

sources), powerful branch ministries and major industrial enterprises always had greater opportunities than did the territories to lobby for their interests. Thus, implementation of general plans and other territorial plans tended to have less of a compulsory nature than the implementation of five-year and annual plans for the branches and enterprises.

The results of this system were retarded development (and a constant lag in industrial development) in the social sphere, in services, and the infrastructure, as well as a housing shortage. On the whole, centralized planning by directive produced mounting disproportions between the branches and territories and the inefficient utilization of resources. In the case of land, this was reflected in an extremely low density of land use and a hypertrophy of the industrial zones, all in conjunction with a weak development in the social field and in other infrastructures.

As Kogut states (Kogut, Litovka et al., 1994) the branch's development management were often ill-equipped to deal with the territorial development problems and these programs only made a marginal contribution to the social and economic development of the regions. Some researchers attempted to reform this vicious practice of local development planning, for example Pospelov (1972) suggested a more the demand-driven approach to meeting needs. Despite their efforts, these separate attempts did not lead to the creation of new mechanisms and models for planning the development of settlements. Issues such as designing a demand driven goal-tree and its quantification, prioritizing and balancing social and economic development goals remained unresolved.

Among liberally inclined economists and politicians, the new class of entrepreneurs, and arguably the population as a whole, the beginning of radical economic reforms in 1991 were characterized by a steadfast aversion to any form of planning. On the other hand, the Communists, the pro-Communist electorate, and various nationalistic movements, as well as those directors of enterprises and the Soviet nomenklatura that had retained power, demanded the return to the old forms of planning by directive. Under these conditions, territorial planning, which was already fairly weak during the Soviet era, found itself in profound crisis.

2. Policymaking Environment for Local Development in Russia

Political and Legislative Contexts

Since 1990 the formation of local self-government system in Russia has passed through several stages. Each of them signified a new turn in the arrangement of powers in the country and its political structure. (Ivanchenko 2003, Kushnir and Mitrokhin 2001). For the comparatively short period since the beginning of liberal democratic reforms, the legislation concerning local self-government system has suffered from a large number of changes that raised a host of contradictions.

We will not go into detail of each specific law and all the circumstances which attended its adoption. Here we just list in chronological order the most significant acts concerned the fundamentals of the local self-government in Russia:

First stage	
April 1990	Law on the general principles of local self- government and local enterprise in the USSR
July 1991	Law on local self-government in the RSFSR.

Second stage	
December 1993	Adoption of the New Constitution of Russian Federation
August 1995	Law on the general principles of local self-government organization in the Russian Federation
October 1999	Decree of the President of Russian Federation on general statements of local self-government policy in Russian Federation

Third stage	
6 октября 2003	New Law on the general principles of local self-government organization in the Russian Federation, from the so called Kozak's package ²

² The package of laws named after D. Kozak, the head of the presidential commission for demarcating responsibilities between the various levels of government

The adoption of a new law in 2003 marks the third stage of the reform of local self-governance in Russia. However most of its regulations will only come into the force after 1 January 2006 and so we will return to consider some of the novelties which it introduces into the self-governance system only at the very end of this paper. Here we will also omit the troubles associated with the first stage that started at the threshold of the collapse of Soviet Union. Instead we concentrate on the second stage which was inaugurated by the adoption of the New Constitution (1993) and which, in many ways, defined the current state of local self-governance in Russia.

The initiative of the so-called «municipal revolution» of 1993 originated in the center and was fueled by the desire to counterbalance the growing political opposition of the regional elite (Kurlyandskaya, Nikolayenko, Golovanova 2001, Ivanchenko 2003). The availability of an ally in the shape of the autonomous local self-government authorities as well as the relative independence of local self-government leaders from the regional administration played into the hands of the team of Russian reformers who were charged with implementing the often unpopular policies of the federal government.

The Law on general principles which was adopted in 1995 followed the spirit of the European Charter of Local Self-Government in many aspects. It ensured that the principles established by the New Constitution to secure the guarantees of local self-governance in Russia were fulfilled (Ivanchenko, 2003). The level of competence and the responsibility of actors in the local self-government were defined in the law. One of the key functions of local became municipal development planning, i.e. the process of setting mid-term goals for the municipality as a whole, the prioritization of these goals, identifying methods which would allow for their achievement and elaborating of an action plan for the implementation of the chosen strategy. Thus a window of new opportunities for economic growth and the improvement of overall standards has opened for local authorities.

As many experts point out (Vetrov 2002, Kushnir and Mitrokhin 2001, Ivanchenko 2003, Kurlyandskaya et al., 2001) this law also suffered from some significant shortcomings. In particular the mechanisms for its implementation were not worked out within proper time. It was not until March 1996 that the list of supporting laws necessary for the realization of the Law on general principles was finally introduced in the resolution of the Russian Government no. 266. These laws covered key areas such as:

- (a) Strengthening financial autonomy;

- (b) Development of the budgeting process and inter-budget relation;
- (c) Reform of municipal property;
- (d) Formation of mechanisms for economic development, creation of the favorable business climate and so on.

By in large, this process proceeded at a snail's pace. One step on the road to the development of the necessary legislation for local self-government was expressed in the adoption of the Law on the financial foundations of local self-government in the Russian Federation (1997). While this law fixed certain rules of the game, it did not introduce any significant changes to the principles of the old budgetary system. It preserved the concept of minimal budget provisions and control of revenues, the norms of which were adopted by regional authorities on an annual basis. In practice the Law on financial foundations did not become a solid basis for strengthening the financial autonomy of the local authorities (Starodubovskaya 2003)

Realizing the imperfection of the legislation for local self-governance and the profundity of the issues which it raised, the federal authorities did make some attempts to improve the situation. In 1999 the Decree of the President of the Russian Federation on general statements of local self-government policy in the Russian Federation was issued. This document posed the problem of how to elaborate a strategy for the legislative reform of local self-governance. It sought to eliminate existing shortcomings and suggested concrete actions. Unfortunately this decree appeared during the period of the replacement of the ruling elites and it had little practical impact (Ivanchenko 2003). After the 2000 presidential elections a new policy of local self-governance reform was outlined.

Among the new priorities set out by the federal authority were:

- (a) strengthening the responsibilities of local self-government against upper level authorities;
- (b) strict control over the legislative process at the local level and ensuring the compatibility of local acts with federal ones;
- (c) increasing the role of federal legislation in setting the legal framework for the local self-governance.

On the whole, these priorities do correspond with the real needs but many experts characterize as inappropriate the specific actions which have been introduced to realize these

goals (Ivanchenko 2003, Kurlyandskaya at al. 2001). The preferences of the governors for centralization were reflected in the policy of strengthening the vertical nature of power which has characterized the actions of the President from the very beginning of his term in the office. The Office of the President became the source of legislative initiatives and administrative decisions leading to, at all levels of power, a reinforcement of administrative methods of control in the Russian State (Kurlyandskaya at al. 2001).

To conclude, we may state that during the 1990s and the beginning of the 2000s there were a mixture of centralization and decentralization tendencies in the reform of local self-governance. Ill conceived attempts to balance the powers between the various levels of authority and the ruling elites placed local self-governance in a tight corner one that was characterized by contradictory legislation and unstable relations on the vertical axis of powers: federal center – regional authorities – local self-government.

Financial and Governance Contexts

It is not surprising that under such conditions the fiscal autonomy of local authorities and their capacity to deal with local problems were seriously restricted. Russian municipalities remain far behind the West and the CEE counties if we take the share of taxes which they are able to control as a point of comparison. Here, we understand the ability to control taxes as an ability to increase or decrease tax revenues whether by manipulating tax rates and/or introducing new or canceling existing taxes. To illustrate the lag between municipalities in Western and CEE counties and ones in Russia we offer the following table 1.

Table 1. Share of taxes controlled by municipal authority

City / Country	Share of controlled taxes, %
Marcelle / France	73,2
Avinion / France	71,4
Geteborg / Sweden	69,1
Wroclaw / Poland	45,8
Gdansk / Poland	39,0
Surgut / Russia ³	2,9

³ Owing to its oil and gas reserves, this is one of the richest cities in Russia.

Source: Standard & Poor's, 2003

Firstly, local authorities suffered from an imbalance between the resources and the responsibilities that are transmitted to the local level. The failure of the federal budget to meet its liabilities raises the problem of an **under-funded** federal mandate⁴. This concerns a whole set of social acts that provide for numerous privileges and advantages for specific categories of population. Such system of social security based on the category principle (disregarding the real welfare of an individual) springs from the soviet époque and during 1990s it served as a cushion between unpopular reforms and the displeasure of the population.

An examination conducted by Leontief center⁵ in 2000 showed that the number of types of social privileges created by the federal authorities exceeds 150 and applies to 236 categories of the population. This covers approximately 100 mln people or 70% of total population. The total cost of these mandates was estimated at more than 15% of GDP and it exceeds the budget ten-fold. It may be appropriate here to remember the words of the famous British politician - Benjamin Disraeli when he addressed to the House of Commons in 1862: *I have so often maintained it in this House that I am almost ashamed to repeat it, but unfortunately it is not a principle, which has yet entered into public opinion – expenditure depends on policy* (Disraeli, quoted in Hecló, 1990). Naturally, neither the federal nor the local budgets are able to fund such enormous expenditures. However the political cost of the question of elimination of these privileges is so high that the federal government still has not introduced the appropriate amendments in the State Duma⁶.

Secondly, the entire system of inter-budget relations experienced realignment, and this has also negatively affected the financial condition of the municipalities. In the 1990s before the adoption of the new Tax Code 2000, all of the main taxes in Russia (VAT, personal and corporate income taxes, and excises) were shared between three levels of government (federal, re-

⁴ The phrase "federal mandate" refers to a regulation or regulatory burden which is imposed by the federal government on a state/regional or local government (Fix and Kenyon, 1990). The problem of unfunded mandates is not unique and subsists in particular in the United States and Sweden.

⁵ Review of Social Budget Expenditures (6 regions, 18 municipalities of Russian Federation) under the framework of Regional Fiscal Technical Assistance Project for the Russian Federation, funded by World Bank and corresponding to the Concept of the reform of inter-budget relations adopted by Russian Government (1998).

⁶ In 2002 some privileges for military servants and some other professional categories were eliminated. However the more radical reform of the system of category's privileges should be expected after the presidential elections 2004, when in the conditions of the pro-presidential majority the necessary amendments likely will pass through State Duma.

gional and local). Although officially set at a common rate, retention rates varied considerably because of several factors such as yearly changes to federal tax sharing rules and explicit exemptions granted to particular regions. Furthermore regional authorities were able to successfully lobby for additional exemptions through the system of so-called federative treaties. At this stage some regions even resorted to virtual blackmail. (Pavlenko 1994), In 1992 Tatarstan, Bashkyrtostan and Sakha (Yakutia) stopped transferring taxes to the federal budget. They demanded that the one way system of republic contribution to the federal budget should not be organised by means of taxes but by a single payment which would be determined on a contractual basis. It was not long before other regions applied the same practice and, by 1993, the number of such regions grew up to 30 (Martines and Boeks 1998)

Thus in the second half of the 1990s the tax retention rate varied considerably across regions and from year to year (see figure 1). On average, Russian regions were permitted to keep two thirds of taxes raised within their territory.

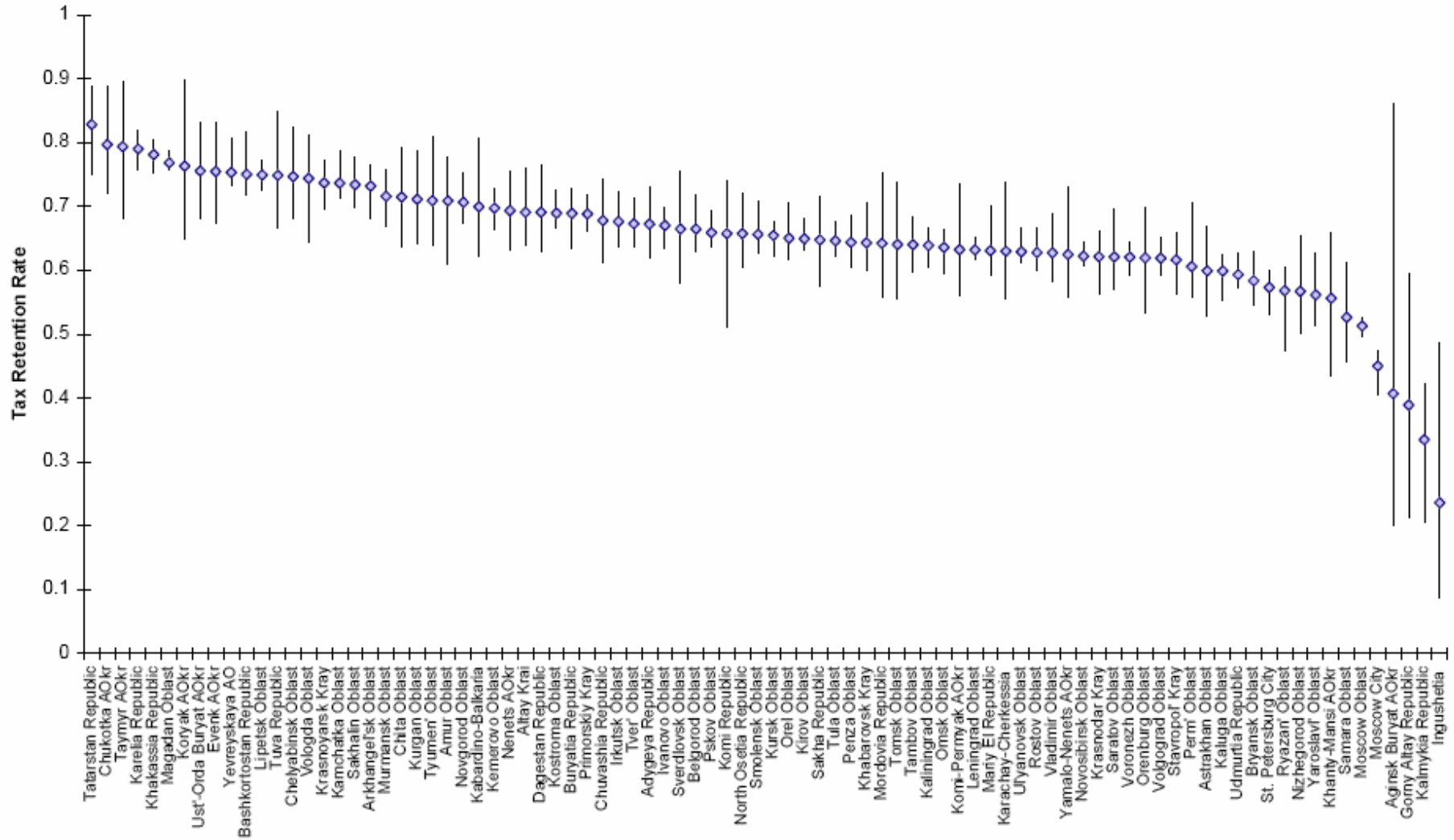
At the sub-national level, the Russian environment for decentralization is characterized by wide opportunities for the regions to decide almost unilaterally on the specific budget sharing arrangements with municipalities (Freinkman and Yossifov 1999). Regional authorities have full discretion not only for determining the desirable degree of centralization and redistribution of fiscal flows, but also for making frequent changes to the rules of the game. In such an environment, it is unsurprising that a substantial cross-regional variation in actual decentralization patterns has emerged. The majority of regions benefited from the federalization of their relations with the center, but they were reluctant to give up any of their powers with respect to the sub-regional territories. In contrast to the decentralization of power at the federal level, they preferred a paternalistic model of relations with the local governments.

Although some research (Prud'homme, 1995, Sewell, 1996) indicates that more fiscal decentralization does not necessarily mean more or better performance and incentives for the development, one important inference is that, as Zhuravskaya (1999) points, out Russian cities and municipalities operate within a system of extreme fiscal discretion of regional governments. This tends to have a negative impact on their efficiency in providing local public goods and infrastructure services.

Thirdly, inter-budget relations did nothing to solve the problem of the “poor” and the “rich” regions. Previous analyses of variation in regional growth performance in the 1990s suggests that growth in Russia depends less on regional policies and much more on the initial indus-

trial structure and regional endowments such as natural resources and human capital (Arhend 2000; Popov 2001). A main feature of the observed differences in regional performance can be attributed to the “quality” of inherited industrial enterprises – the regions with a higher initial share of exports in the total industrial output, as well as shares of fuel, metals, and chemicals did significantly better than the rest.

Figure 1. Variation in Retention Rates across Russian Regions, 1996-1999



Source: Desai, Freinkman, Goldberg (2003)

Resource endowments are also found to be amongst the main determinants of cross-regional income inequality (Dolinskaya 2001). Moreover, there is evidence that in the middle of the 1990s, industrial growth was positively correlated with regional income levels (Freinkman and Yossifov 1999), i.e. regional incomes continued to diverge. As a consequence the system of inter-budget relations could not have a substantial effect on the competition between municipalities: those who have gas and oil and whose initial structure of industrial output better meet conjuncture of the world markets are always in a better position.

In 2000 the Russian government began a comprehensive reform of inter-governmental fiscal relations, including the elimination of all of the main distortions in the system. This included clarification of expenditure assignments, the expansion of local tax autonomy, elimination of under-funded mandates, and efforts to make the system of transfer allocations more transparent. Thus far, some progress has been achieved with respect to the reforms of federal transfers. The new formula-based methodology for determining the transfer allocation from the main transfer window, the Equalization Fund, has helped to concentrate federal resources in the poorest regions. It has resulted in the consolidation of the entire transfer system and it has become more predictable for the recipients. The federal government has not, however, eliminated smaller but less transparent transfer channels (such as budget loans and mutual settlements).. These remain outside of the Equalization Fund. In addition, the recent reforms considerably reduced the prevalence of tax sharing by transforming VAT and part of excises into federal taxes.

For taking the super-revenues from rich regions and municipalities, the reforms suggest the introduction of a system of so called negative transfers. At the time of writing, it is not clear how the tax potential of municipalities will be estimated and how the recipients and donors will be identified. Some experts, such as those based at the Urban Institute (Kosareva 2003) doubt that in the near future the necessary data and tools will appear.

Whilst the reform targets the advanced regions, as yet the municipalities still experience only the centralization of tax payments outlined in previous years. From 1999 their share of revenues in the consolidated budget decreased from 54 to 40% due to various taxes becoming assigned to the federal level.

Table 2. The structure of the tax revenues of the consolidated budget of Russian Federation in 2000-2002

	2000	2001	2002г.
Federal taxes	88%	91%	92%
Regional taxes	7%	7%	6%
Municipal taxes	5%	2%	2%

Source: Bremya Gosudareva 2003

As a result, cities and municipalities have had to cut their capital expenditures, i.e. those expenditures which had a primary function in facilitating local development.

Table 3. Share of capital expenditures (as a percentage to total expenditures)

Tiers of Budgetary System	2001	2002
Regional budgets	22,3%	21,8%
Municipal budgets	15,6%	13,1%

Source: Author's own calculations based on Ministry of finances' data

A *fourth* significant factor which limits the capacity of local authorities to govern local issues, is the lack of governing experience in the new conditions. The old techniques and methods were unable to address the new realities whilst many of the new recommendations for and standards of governance were not organized within proper time. Prevailing forms of control became based on instruction, letters and decrees from federal and sub-federal bodies. Owing to their concrete nature the norms suggested in these documents gained more authority at local level. As Vetrov points out (2002) the continual amendments and changes in these documents de facto become a powerful force for centralization.

Scope of Local Issues

As already mentioned, the soviet system of territorial planning led to the distortions in the development of settlements. There was a system of government from the upper level and based on a policy of allocation of productive forces aimed at maximal interdependence. The result of

this was retarded development (and a constant lag in industrial development) for the social sphere, services, and infrastructure

This approach also led to a high local budget dependence on a narrow circle of enterprises located within the territory and forming the major part of budget revenues. In its turn, the industrial sector of economy was burdened by costs of scale, in particular high tariffs on local infrastructure and utilities. Furthermore, these tariffs were subject to cross-subsidizing, lower rates for the population were equilibrated by higher rates for industrial consumers. A further complication was that, some enterprises also kept their own housing stock and provided the population with public services such as public transportation, heating, kindergartens etc.

Its not surprising that the scale of economic decline that followed the beginning of reforms had a negative influence first of all on such traditional industries as mining and textiles. It also led to the collapse of the existing system of city functioning. Cities became the victim of the policy of allocation of the productive forces. Under the new economic conditions, this led to a near domino effect (Jounda 2003). The decline caused the growth in unemployment, the degradation of urban infrastructure and utilities, with social infrastructure that had previously belonged to state enterprises being handed over to the municipalities without any appropriate sources for maintaining them (Satrodubovskaya 2003). In 1993-97 municipalities were given 80% of the housing stock, 76% of the kindergartens, and 82% of the medical establishments of the former enterprises. According to some estimates over this period, the social assets of the municipalities increased by 65% and in some cities, the growth was tenfold (Pronina 1998).

As argued above, at the initial stage of the reforms the independence and fiscal autonomy of local authorities were not matched with adequate mechanisms for meeting their new responsibilities. Table 4 illustrates the expenditures burden imposed on local budgets. This, accompanied with the economic decline that followed the 1998 financial crisis, led not only to the aggravation of various urban problems inherited from the former system, it also raised new ones.

Table 4. Expenditures burden imposed in local budgets.

Expenditure items	Share of municipal expenditures in all tiers of budget system as in 1997 (%)
social policy	42
health and sport	57
arts and culture	42
housing and utilities	66

secondary school	95
education as a whole	67

Source: Lvov and Trunov 1997

The absence of proper financial resources for these responsibilities, as in case of unfounded federal mandates, had grave consequences for the municipalities:

- (a) the depreciation of the assets of municipal enterprises providing services for the population (utilities, infrastructure, public transportation);
- (b) a consequent lower quality of this services;
- (c) under-financing of the social sphere and the problem of the so called “new poor”, that is those public servants of whose salaries were lower than living wage.

This list of local problems is by no means exhaustive, it serves to give an insight into the scope of municipal and urban issues faced during transition period. To sum up let us name the major challenges:

1. Disproportions inherited by former system,
2. Aggravation of problems due to a misbalance between responsibilities and resources available at local level,
3. New problem areas, where local authorities previously had little experience of governing, but where the intensive actions becomes required.

Institutional Framework: State-capture Phenomena

In trying to understand the policy process at any level of authority in Russia (as in many other transition economies) one inevitably faces the phenomena of the *privatisation* of the policymaking or “state-capture” (Hellman, et al. 2000), i.e. the conditions under which large enterprises (or other bodies) are able to exact influence over the enactment of laws and policies through the provision of private benefits to public officials.

The first decade of Russia’s transition is notorious for the vast intervention of the *oligarchs* in determining the direction and speed of institutional reforms and, more generally, in all aspects of federal economic policy. It did not come as a surprise when Russia scored the fourth in the

composite index of state capture among 20 transition countries in the BEEPS1999 survey⁷. As Slinko, Yakovlev and Zhuravskaya argue in their research (2002) appropriately scaled, the regional picture largely repeated the one at the federal-level. Firms engage in this type of rent-seeking behavior in order to perpetuate the property-rights regime that restricts new entry into their markets, that preserves their opportunities to arbitrate between the reformed and unreformed parts of the local economy, and so protect themselves from regulatory interference by the central government. In many cases, both regional and local governmental policies, are characterized by this form of capture, where policies and regulations are enacted to the exclusive benefit of large formerly state-owned enterprises.

Yet, local politicians are by no means pure “captives” of these firms, merely collecting private benefits (for example, in the form of campaign contributions) in exchange for their provision of favorable policies. On the contrary, they are typically active participants in a “symbiotic” relationship in which, through law, regulation, or intimidation, firms are forced to provide concrete political benefits to local governments in the form of employment and non-wage benefits for both employees and the general public (Desai and Goldberg 2001). The absence of a well-functioning social safety net — either nationally or sub-nationally — has prompted regional governments to use firms as surrogate sources of social services. Given the legacies of the Soviet state, Russian local governments have limited institutional experience with policy making in the public expenditure area.. In addition, post-Soviet Russian regions demonstrate close links between regional political elites and managers of the largest regional companies.

As Hellman points out in his paper, the facilitation of growth and structural reform in the economy requires the establishment and promotion of a democratic policy process, which not only limits the influence of those social groups which intend to maintain control over their rent sources, but also can ensure the responsiveness of the authorities to the interests and voice of those less successful constituencies. One of the greatest problems in this respect is is the social apathy of the population and the under-developed institutions of civil society, which are able to assert some degree of accountability over local authorities and secure the interests of the local community in local development policymaking.

⁷ BEEPS1999 was a Business Environment and Enterprise Performance Survey, developed jointly by the World Bank and the European Bank for Reconstruction and Development in 22 transition countries. See <http://info.worldbank.org/governance/beeps/> for BEEPS1999 description, data and papers.

To summarise, based on the above analysis we may identify three major directions of actions necessary to facilitate local development:

1. The provision of fiscal autonomy for local authorities and the creation of appropriate incentives for such development.
2. The development of appropriate policies and policymaking models regarding local development.
3. A de-privatization within the decision-making process and the strengthening of the responsiveness of the authorities to the interests and voices of the diverse groups within the local community.

The next chapters of this paper will be devoted to addressing the last two questions.

3. The Search for New Models of Development Policymaking: Case-Studies

In this section, we attempt to answer the question how local authorities can adjust their policy processes and policies so as to meet the challenges described above.

As argued, in some quarters, the beginning of radical economic reforms was marked by an aversion to any form of planning. Moreover, for some time the discussion on whether it is reasonable to raise the question of the development goals for the cities as an integral social and economic system has become popular (Voronin and Lapin 1998, Jounda 2001). In other words, whether the city's development process must be planned and managed by any authority or not. Some argued that no one should interfere into the development process and that a settlement will find its own way. The important thing is to support the infrastructure and to solve problems as they appear. On the other hand, there were those who argued that without setting development goals, the process will make no progress and the ad hoc patching of local problems will finally lead to a degradation of the settlement.

In any case, a search for the methods and models of local development planning did start and, with varying degrees of success, local authorities have begun to work out documents that lay out their development priorities. The realignment of the system of inter-budget relations, the

economic decline that followed the 1998 financial crisis intensified the demand for development to be based upon a more effective use of local resources (engaging local development potential) and an adaptation to the rapid changes in the external environment. Certain cities chose the model of strategic development planning as an answer to these challenges.

Among cities in the United States and Western Europe, the strategic planning model began to spread in the last quarter of the 20th century. The leadership was taken by cities with so called entrepreneurial strategies – Munich, Stuttgart (Germany), Antwerp (Belgium), Rotterdam (Netherlands), Birmingham (United Kingdom), Barcelona (Spain) and others. From mid 1990s strategic planning by degree became popular in the CEE region where cities faced the challenges of the decentralization and problems inherited by the socialist system (Tsenkova 2001). Tallinn, Riga and Vilnius (Baltic's region), Budapest (Hungary), Sofia (Bulgaria), Zadar and Rijeka (Croatia) all became involved in the strategic planning.

The history of strategic city planning in Russia started in 1996-1997 when St.-Petersburg became the first city in Russia to formulate a strategic plan. Support from international organizations played an important role at the initial stage of work. The World Bank, having begun negotiations on extending credit for reconstructing St. Petersburg's historic center and having in mind, possibly, a broader program for working with the city (a loan for economic development of St Petersburg), expressed a desire to see a long-term plan for the city's development. It should be one that was supported by the population and given the changeable political situation, this would help ensure its sufficient stability..

The strategic plan for St.-Petersburg received wide acknowledgment and encouraged many other cities and even some subjects of the federation (regions) to join this practice. Specifically this activity became popular since 1999 when strategic planning received support from international donors like Tacis, Eurasia Foundation and the Open Society Institute and some local experts and think tanks.

What we are going to examine in case studies?

Here we will study the experience of three cities – St.-Petersburg, Kirov and Cherepovets. We will try to answer several questions: (a) how does policymaking evolve in these cities and why? (b) Who are the key actors and how do they influence the decision-making? (c) Which mechanisms are used to encourage public participation? (d) What are the accomplishments and

which problems do the local authorities face during the design and implementation of their development plans?

Why these particular cities?

Firstly, they are all very different in size and functions. St.-Petersburg is a megalopolis with population over 4,6 mln, it has the status of the subject of federation. Kirov is a metropolitan city – capital of the Kirov region with population of about half million. Cherepovets is an industrial center in Vologda region with a population of about 320 thousands. Secondly all these cities declared their development plans to be strategic ones. This allows us to make a comparison and bring to light differences in approaches used⁸.

What are the data sources?

The basic sources of information are results of interviews with representatives of these cities, public officials and experts involved in preparation of the development plans, together with an analysis of the development plans and other documents regarding the development policy process received during the field study in these cities. In addition, the author also used results from previous research, the working papers of the Leontief Centre, various academic publications and Internet resources.

Certainly, to give the entire picture of local development planning in Russia, it is not enough to study the experience of three cities. Thus in the summary of the results of the case-studies we will also draw upon a review of the experience of 10 smaller size cities. Their practices were examined basing on information contained in open sources, in publications, internet resources and interviews with the representatives of some of these cities.

As a result, the experience of 13 cities was studied during the course of this research and the aggregated results of the review presented in the very end of the chapters (see table 4).

Case of St. Petersburg

St. Petersburg has a population of 4,6 mln people. Founded as the capital of the Russian empire in 1703, St Petersburg is now Russia's second largest city in terms of population size,

⁸ We take it for granted that these exist because there is no unified methodology for strategic planning

and is of great importance as an industrial, scientific, and cultural centre. Within the Russian Federation, it has the status of “subject of federation”.

Background

Between 1991 and 1996 St. Petersburg’s administration made several attempts to draw up documents which would lay out the principles of economic policy and a program of action for the next few years. That the programs were not completed is explained largely by existing political and ideological schisms (Jounda and Limonov 2003). These planning failures led to a conviction that a strategy could not be chosen for the city as a result of struggle inside a narrow circle of administration leaders. There had to be a shift from ideological and political confrontation inside the structures of power to the community rallying around constructive and pragmatic ideas for the city's renewal. And so, in the fall of 1996, a new planning process began in St. Petersburg.

Framing the Process: Stages, Key Actors and Mechanisms for Participation

The development of St. Petersburg's Strategic Plan has passed through several stages.

1. At the first stage, a survey was taken of both the population and of specialists. There were also in-depth interviews with city leaders and directors of the major enterprises and organizations concerning main problems and priorities in the city's development. A city-wide conference was held that approved an approach founded on the broad participation of stakeholders and that created the main structures for developing the Strategic Plan.

2. At the second stage, the results of the surveys and interviews were supplemented by a careful analysis of data on the city's population, finances, real estate, labor market, enterprise capital, and legislation. The dynamics of social and economic processes were analyzed, and factors having a positive or negative effect on St. Petersburg's competitiveness with respect to other regions and in terms of investments and jobs were brought to light. As a result of this work, the thematic commissions adjusted the plan's goals and tasks, which allowed it to complete a "goal tree" and the structures of the Strategic Plan approved by the Second City-wide Conference.

3. At the third stage, the thematic commissions evaluated and selected the projects and other measures that would be most effective in resolving the tasks defined by the "goal tree" for each section of the plan. The transparent public selection procedure, which had clear rules and

criteria and in which representatives of all interested organizations, and not only lobbyists from one branch or another, participated on commissions, made it possible to halt the progress of certain projects which were not beneficial for the city as well as those projects whose implementation might block more effective solutions. The programs prepared by the thematic commissions, the draft plan as a whole, as well as all the disputed cases underwent independent analysis by an Expert Council.

After the draft plan was reconciled with the administration's committees, it was published and disseminated to the city's enterprises and organizations. After additional work was done on the document, taking into account all the responses that came in, it was approved by the General Council of the Strategic Plan on 1 December 1997.

Throughout the Strategic Plan's development there was an intensive, ongoing exchange of opinions through the press. These employed all kinds of methods for informing the population and establishing a feedback mechanism. Each time the local papers published articles on the approach, structure of goals, and later, on the actual content of the draft plan, lively discussion flared up in the press. Not only specialists who had participated in the work but also scholars, public figures, and journalists shared their opinions. A hotline was set up for citizens' calls and letters, as was a special service for working with the population in each of the city's administrative districts. The main elements of the plan were also published in free newspapers sent to all mailboxes in the city and put in the form of special posters hung at public transit stops as well as on other places and in shop windows on the city's streets. For a fuller account of public opinion, several surveys were conducted based on random samples and the questions were published in the local press. In all, there were about 5000 responses.

During the discussion period on the draft plan, a mobile exhibit was produced that used photographs, maps, and other illustrative material to inform people about the measures included in the plan. The exhibit was set up at the Public Library, a museum, a subway station, and various city forums, festivals, and conferences. The responses of exhibit visitors were collected in a comments book. A project website in Russian and English was set up on an Internet server and updated regularly from the very beginning. Thanks to this, the publications in professional Russian and international editions, as well as its developers' participation in various conferences and seminars, the draft plan underwent expert analysis from the Russian and the international community of planners and specialists in urban economics and administration.

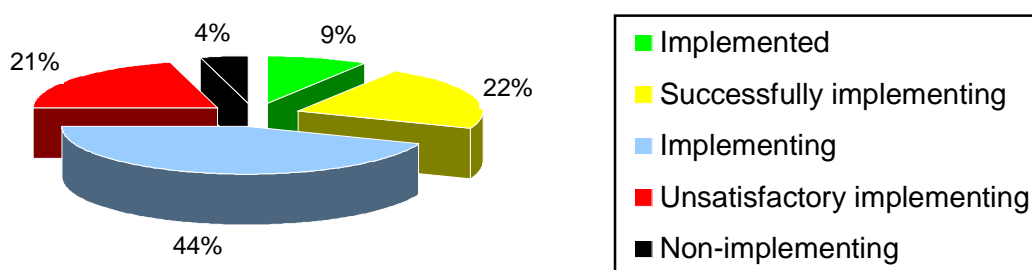
As the strategic plan's development process was so open and gave maximum consideration to the opinions of both specialists and the population, a balanced document was adopted and the most effective solutions supported by the city's community chosen.

Implementation and Performance

The strategic plan includes 211 measures grouped by category: economic climate; integration into the world economy; improvement of the urban environment; reform of social services; and improvement of the social climate. The most important integrated projects in the Strategic Plan are the following: the development of the St. Petersburg transportation hub (especially the seaport zone); foreign trade and logistical functions; reconstruction of the city's historic center; the development of culture and tourism within the framework of preparations for St. Petersburg's tricentennial in 2003; improved integration within the Leningrad Oblast; strengthening of St. Petersburg's leading positions in Russia's Northwest; regulation of natural monopolies; reform of housing and residential services; and support for private investments.

In 2002 monitoring conducted by the Leontief Center collected information on the course of implementation of each of 211 measures of the Strategic plan. This allowed for a lead classification of these measures according to the degree of their performance. One third of measures or are executed (9%), or are successfully implementing (22%). The most part of measures – 44% are realizing normally. But a significant group of measures (25%) have been badly implemented or are outstanding. In particular those related to: Formation of the markets of real estate and the reform of town-planning regulation; Development of a network of city and suburban transport, Reforming of housing-and-municipal service of the population, Reorganization of public transport. In these fields, achievement of the objectives proceeds slowly.

Figure 2. Progress in implementation of the Strategic plan's measures



Sources: Leontief center's working papers

There has been undoubtedly successes in the achievement of the overall objective, that is, a stable improvement in the quality of life. The stable growth of real incomes of the population testifies to this. The real monetary incomes of the population of St.- Petersburg has grew in 2000 by 12,6% and in 2001 - by 7%. In the first half-year of 2002, the increased by 14,8% (in relation to the last year, accordingly). On the whole the course of implementation of the Strategic Plan can be characterized as satisfactory.

In 1998-2001, while developing the approach intrinsic to the Strategic Plan, the St. Petersburg Strategic Plan Project Office helped draw up two more program documents developing the most important integrated sections of the Strategic Plan: "Investment Strategy for the Reconstruction of St. Petersburg's Center" and "Strategy for the Social and Economic Integration of St. Petersburg and Leningrad Oblast in the Context of the Development of Russia's Northwest."

The first document defines the measures that must be taken to attract private investments for real estate development projects in the city's historic center. This shows how to resolve the most crucial tasks in preserving the historical heritage of the city's center, developing culture and tourism, and developing and utilizing real estate more intensively. Implementation of the Investment Strategy in 1999-2003 included the following: pilot projects using funds from the World Bank loan; a program of reforms in the legal and institutional spheres; completion of a program of budgetary investments and borrowing; an information system on the city's real estate accessible via the Internet; a developer's handbook and other public relations materials on investment opportunities in St. Petersburg's center to attract private investors; and finally the preparation of the next World Bank loan on economic development of St Petersburg.

A second document drawn up within the framework of the general approach laid out by the Strategic Plan is the Strategy for Strengthening Cooperation between St. Petersburg and Leningrad Oblast in the Context of the Development of Russia's Northwest. At the present time (unlike during the Soviet period), St. Petersburg and Leningrad Oblast are two equal subjects of the Russian Federation. St. Petersburg, which is located inside Leningrad Oblast, concentrates the region's principal human and financial resources and is the center of culture, education, health care, industry, and science for the entire region.

The necessary economic and social integration of the region can be developed through cooperation and the development of joint institutions on the basis of jointly developed plans, but without making any immediate decision on political unification. After an analysis of the situation in both federation subjects, a list was drawn up of 181 problems and issues that require joint action by St. Petersburg and Leningrad Oblast in those selected areas of cooperation. Seven projects were implemented with the assistance of the Tacis program. Thus, the approach and organizational structure of St. Petersburg's Strategic Plan has laid a foundation for other major programs, including those of a regional (going outside the administrative boundaries of St. Petersburg) nature.

Problems Identified

Eight years of strategic planning in St. Petersburg have brought to light several fundamental problems.

First, there is the problem of relations with the legislative branch. During the elaboration of the Strategic Plan, the St. Petersburg Legislative Assembly found itself in a complicated, largely adversarial relationship with the executive branch. Although many deputies were participating individually in developing and discussing the Strategic Plan and its separate components, as well as signing the document, the Legislative Assembly as a whole did not join this dialogue at the beginning and was not a participant in the plan. Initially, it proposed that the city administration submit the approved plan to the Legislative Assembly as a bill.

The lack of an approved plan of action for the administration which included an estimate of the necessary expenditures from the budget and consolidated all the subdivisions of the administration in order to implement the Strategic Plan was a second major problem at the initial stage of implementing the approved strategy.

A third problem requiring the constant attention of the Strategic Plan's developers and initiators has been the relationship with the city's business circles and their real involvement in implementing the Strategic Plan. At first, despite its novelty, the idea of a Strategic Plan that consolidated all the forces of society met with the full support and understanding of the entire business community. After the first few meetings in the commissions, however, the situation began to change in several respects. Groups of directors of major enterprises have emerged who tend to oppose the local authorities and who are influential enough to resolve their own problems inde-

pendently or with the help of various (including federal) organs of power. Groups of enterprises and organizations have emerged that are closely connected with one or another subdivision of the city administration and have been lobbying with that subdivision for specific branch projects (not always those most expedient for the city).

A third group was made up of small outsider entrepreneurs who previously did not have access to the administration. For this group, participation in the Strategic Plan was a chance to enlist administration support for their ideas and projects. Finally, the fourth, and as a rule, the most numerous group comprises medium-sized enterprises not previously connected with the administration that are developing more in spite of rather than thanks to the authorities' actions. Their demands to the authorities are to improve the economic climate, to simplify bureaucratic procedures, decrease the tax burden, monitor the natural monopolies, streamline and speed up customs formalities, and so on. While being largely reasonable, they have often concerned federal-level issues whose resolution rests with the State Duma of the Russian Federation and the Federation Council.

This group of enterprise directors was distinguished from the very beginning by its impatience. Any reluctance among the representatives of local authorities to meet their demands immediately led to harsh criticism and a cooling in attitudes toward the Strategic Plan.

It took time and patient negotiations before the representatives of all the business community groups accepted the conditions of the Strategic Plan and realistically evaluated the opportunities being proposed to them. The more the executive and legislative branches of St. Petersburg base their actions on the Strategic Plan (in preparing the budget, administration action plans, and so on), the greater the enthusiasm with which the business community participates in the implementation of the Strategic Plan (and in negotiating with authorities within the framework of Strategic Plan structures).

City of Cherepovets

Owing to the size of its population and its industrial value, the city of Cherepovets is the principal city in the Vologda region. It is one of the largest centers of steel and chemical production in both Russia and Europe.

Background

The question about the future of the city was raised in the beginning of the 1990s, in a period of crisis, when the threat of sharp falls in industrial output of the major city's enterprises (steel and chemical giants) and mass retirements and unemployment became real. Among the new problems which appeared, were: (a) dependence of the city's budget on a limited number of enterprises, mono-profile structure of local economy; (b) bad ecology and high level of morbidity, (c) imbalance at labor market etc.

A first attempt to draw up the strategy for the city's development was undertaken in 1998 when the mayor signed the Decree on preparation of the strategic plan for the city. Since the work on the creation and development of a strategic governance system was started in the city, a department for strategic planning was set up in the administration.

Framing the Process: Stages, Key Actors and Mechanisms for Participation

The first attempt to draw up the strategy relied upon existing administrative methods and mechanisms. Working groups were organized in each department of the city's administration (Department for architecture, Department for education etc.) to establish their own development concepts. The city's strategy was planned to be the sum of these departmental concepts. However as the developers themselves recognized this approach led to failure, primary because:

- The municipality was the only initiator and executor of the planning process;
- Each department tried to justify its needs and developed a long list of its wishes to win over the allocation of budget resources;
- Departments lacked a perception of the city's overall development objectives. Not only was there a lack of communications between themselves, there was also little communication with actors outside administration.

Thus, the failure of this first attempt caused the administration to revise its approach to make it more systematic, communicative and open for participation and partnership with actors outside administration. However, the coordinating unit for this work was still inside local administration and thus political changes and rearrangements in the city's administration brought about a significant protraction to the process. Only in 2002 was an active phase started and the necessary new organizational structures created. These included City's Council on Strategic

Planning, which consist of 150 most active citizens representing business circles, civil society and the administration on a pro rata basis. The Council's mission is to provide continuity to the strategy and it an independence from rearrangements in city's administration.

- Executive council, which coordinates the work of the working groups and is in charge of the entire process of strategic development.
- Working groups, which are directly involved in collection of data, analysis and development of the strategy.

There were 21 working groups on different topics – demography, urban environment, ecology, recreation, economy and SME support and so on. These groups counted about three hundreds members from different spheres. They became the basic units developing city's strategy, which conducted the analysis and prepared suggestions on strategic direction for development and specific actions.

The activity of the working groups as well as the entire process of developing the city's strategy was elucidated in the mass media. For this purpose a group of informative support was created producing news releases and offering insights into the process for the broad public. At the city-wide conference "Cherepovets' Development Strategy 2012" held in September 2003, the proceedings of the working groups were discussed with members of the city's council on strategic planning and representatives of the local community. Participants at the conference also discussed the strategic directions and scenarios of the cities' development and adopted the city's vision. Basing on criticisms and proposals given during the conference, the developers of the plan inserted amendments into the final version of the strategy.

Implementation and Performance

As the strategy sets out, the main goal is "Stable development of the city based on leadership in business, governance and development of the citizens' leadership qualities". The integrated indicator for this goal is the quality of life of the citizens. City's mission is formulated as "Cherepovets the city of leaders".

The strategy contains four main directions of development and 108 separate tasks. The first direction is "Leadership in business" which is aimed at the formation of the conditions for the stable growth of the city' enterprises and to keep their leadership in the market. The direction includes 18 tasks. A second strategic direction is the formation of an active local community

with strong leadership qualities. It includes development of human capital, actions aimed at improving youth policy and so on. It includes 15 tasks in total.

The third strategic direction is the formation of an effective governance system – “leadership in urban governance”. It includes a wide spectrum of tasks aimed at improving land usage, urban finance and assets management and the creation of suitable conditions for citizen participation in urban governance. In total, it defines 22 tasks. The fourth strategic direction proposes the formation of a favorable urban environment and includes measures regarding ecology, architecture and town-planning, urban utilities and infrastructure and so on, 53 tasks in total.

As it was only recently adopted, it is not possible to talk about the implementation and the performance of the Cherepovets’ strategy. But one of the concluding sections of the strategic plan is devoted to mechanisms for implementation. It intends to integrate the process of strategic planning with the operational planning of city administration and the budgeting process in particular. For strengthening citizen control over the implementation of the strategic plan, a system of “project bureaus” is planned. These will be independent from the city’s administration and will consist of representatives of local community’s groups (so called TOS - territorialnoe obshchestvennoe samoupravlenie), civil society organizations and the local administration. Apart from participation in the implementation of the plan, project bureaus will also produce suggestions and comments for the administration on local initiatives and projects and focus the attention of the authorities on particular problems taking into account the interests of the diverse groups of the local community.

The developers of the strategy intend that the monitoring and evaluation of the strategic plan and if necessary, its amendment, will become a regular and continuing process. It will make the strategy a core of the city’s governance system.

Problems Identified

Initially the basic coordinator and facilitator of the strategic planning process in Cherepovets was a department inside the city administration. This had some pluses and some minuses. In this particular case it significantly lead-timed the process due to frequent rearrangements in the city administration.

Despite the participation of representatives of the business circles in the work of the City’s council and working groups the developers of the strategy confess themselves that they suffered

from a lack of information about city's enterprises. That is partly because the statistics at the municipal level in Russia are less developed than at regional or state levels. The question of how to get necessary data and how to involve a broader circle of the representatives of the city's enterprises was raised. Working groups elaborated the list of questions addressed to enterprises and encouraged them to prepare a presentation "Enterprise's strategy 2012". To reach the agreement between city and enterprises two meetings of the representatives of the enterprises with the mayor of the city were held.

There were enterprises, which had already used the strategic approach in their work but there were also those who had never heard about it. For the latter group the developers of the strategy provided consultations and assistance which did mean that the process lead-timed a bit. At the same time the local authorities set up dialogue with business and entrepreneurs and received an opportunity to hear their problems vision of the city's future. The cooperation between business and municipality has taken root and is leading to joint efforts to solve the problem of workforce training and education, a task which also find its reflection in the Cherepovets' Strategy.

City of Kirov

The city of Kirov is the capital of the Kirov region located in Privolzhskiy federal district. It has population of about half million.

Background

"The Strategic Plan of the City – Program of the Socio-economic Development of the Kirov for the Period till 2010" was developed by Nizhegorodskiy Institute of Management and Business and publicized as a brochure in 2000. The document promotes the concept of strategic governance for the city and the system of strategic goals; it also sets programs for the development of the specific branches and spheres.

Framing the Process: Stages, Key Actors and Mechanisms for Participation

The development of the Strategic plan began (you are going to have to decide on a consistent approach to writing out Strategic Plan, with or without capitals, just the one?) in 1998 (first stage) when the local authorities perceived a need for the strategic system of governance and made an attempt to find consultants and academicians from local firms and universities. As there were no organizations and specialists able to carry out the whole process of developing a strategic plan, the city's administration decided to find expert help from outside the city.

In January - April 2000 (second stage) the tender for consulting services was organized. Firms from Moscow, Samara and some other cities participated in it. The winner was the Nizhegorodskiy Institute of Management and Business. The details of the strategy to come were discussed and a working group (12 people) of specialists from this institution and some local experts began the work.

At the third stage in June 2000 diagnostics and an analysis of the city's economy and social sphere were conducted. Data was analyzed from the period 1990 to 1999 and resulted in the paper the "Social and economic situation in Kirov". This became a starting point for discussion of the city's future and its development strategy and was presented at a workshop of 45 city officials, executives from several largest enterprises as well as experts from the working group.

At the fourth stage in June - September 2000, the strategic directions and a draft version of the strategic plan were worked out. The draft was adopted at the conference where about 100 people participated and then it was publicized.

Implementation and Performance

Kirov's Strategic plan consists of three sections:

The first describes the social and economic situation in the city and the results of an analysis of six major spheres, including urban infrastructure, the social, industrial, and agricultural sector, city finances and governance. It also contains a comparative analysis of Kirov's position among other similar cities in Russia.

The second section suggests the principles of strategic governance and includes an analysis as well as a forecast, the development goals for the city are set out in the end of the section. There are six development goals as follow:

- Town-planning goal – complex development of the urban infrastructure, rationalization of land usage, development of the construction industry.
- Industrial goal – development of the industrial sector.
- Agricultural goal – development of the agricultural sector.
- Social goal – development of the human capital and provision of social services for the population.
- Economic development goal – support of local economy development of institutional infrastructure.
- Administrative goal – reform of governance system.

Each of these goals is characterized by several qualitative and quantitative indicators,

The third section offers a description of the actions and programs aimed at achieving the development goals and various recommendations on managing the implementation of these programs.

Problems Identified

The strategic plan prepared for Kirov has all the characteristics of the comprehensive development plans. This dualism persists even in the name of the document, which is positioned as both strategic plan and program of socio-economic development. Such approach does not encourage a focus on priorities because it is so all-embracing. Indeed the city's authorities have already felt the problems it raised. During the implementation of the plan the number of the programs was curtailed from the 26 that were initially stated in the plan, first to 16 and then to the 10 most important. Implementation of these goals is only possible by taking into account the resources available. Preliminary results of the implementation of the plan were estimated as unsatisfactory.

The lack of public participation throughout the process of developing and implementing the Strategic plan makes it a purely administrative document. It is more of a long-term plan of actions for the administration. It does not seek to build consensus in local society nor to receive its support and thus attract the additional resources for the implementation.

As the city's officials recognize themselves, an additional problem is the absence of any coordinating body inside the administration, which could be in charge of implementing the strategic plan. This also leads to a lack of continuity in the process because monitoring and evaluation of the plan must be the basis for further amendment and correction of strategy.

Table 4. Basic Characteristics of Local Development Policymaking in 13 Russian Cities

City	St. Petersburg	Kazan	Kirov	Cherepovets	Novoskhhtinsk	Tikhvin	Krasnoarmeisk	Sosnoviy Bor	Kizel	Volkhov	Venev	Sortavala	Gdov
Population (thousands)	4600	1100	520	320	104	65	26,5	63	51,5	50,8	40,4	35	18,8
Start/end of planning process	1996-97	2002-03	2000-01	1998-2003	2001	2000-01	2002	1999	2001	2000-01	2001	2000-01	2000
Initiating authority	City	City	City	City	City	City	City	City	City	City	City	City	City
Major Developers													
- inside local administration			+	+		+	+	+	+	+	+	+	+
- outside local administration	+	+			+								
Organizational strictures													
- Thematic commissions / working groups	+	+	+	+	+	+	+	+	+	+	+	+	+
- City's council on strategic planning	+	+		+		+				+			
- Expert's council	+	+		+	+			+	+		+		
- Coordinating unit	+	+			+	+		+	+	+	+	+	+
- Strategic planning department inside administration				+					+		+		
Stakeholders' participation													
- Local authorities	+	+	+	+	+	+	+	+	+	+	+	+	+
- Experts and academicians	+	+	+	+	+	+	+	+	+	+	+	+	+
- Business circles	+	+	+	+	+		+	+	+	+	+	+	
- Representatives of the civil society institutions	+	+		+	+	+	+	+	+	+	+		+
- General public	+	+											
Mechanisms for participation													
- Conferences	+	+	+	+									
- Participation in organizational structures	+			+									
- Polls and surveys	+	+		+	+	+	+	+	+	+	+	+	+

City	St. Petersburg	Kazan	Kirov	Cherepovets	Novoshkhtinsk	Tikhvin	Krasnoarmeisk	Sosnoviy Bor	Kizel	Volkhov	Venev	Sortavala	Gdov
- Publications in mass media	+	+		+	+	+	+	+	+	+	+	+	+
- Publication of the Strategic plan	+	+	+	+	+	+	+	+	+	+	+	+	+
Methodology													
- Analysis of the internal environment	+	+		+	+	+	+	+	+	+	+	+	+
- Analysis of the external environment	+	+	+	+	+		+	+		+			
- comparison with the analogue cities анализ	+	+		+									
- SWOT analysis	+	+		+	+	+	+	+	+	+	+	+	+
- Scenarios		+		+				+					
- Visioning	+	+		+	+		+	+					
- Mission statement	+	+		+	+		+	+					
- Goal tree	+	+	+	+	+	+	+	+	+	+	+	+	+
- Brief description of the actions	+	+	+		+		+	+	+	+	+		+
- Implementation Mechanisms	+	+	+	+	+	+	+	+	+	+	+		+
- Mechanisms for M&E	+	+	+		+	+	+	+	+	+	+		+
- Short term plan of actions (for two most recent years)	+	+	+		+			+	+		+		

4. From Administrative Planning towards Public Policymaking?

Policy or Policy Process?

First, let us very briefly overview the concept of strategic planning. Strategic planning is a tool that the public sector has borrowed from business (Bryson J. and Roering W. 1988, Kemp 1992), it is a creative process – art as well as science – by which a community models the desired future and develops the necessary procedures and operations to achieve their vision for the future (Bryson 1995, Zhikharevich 2002, Urban Institute 2002). Strategic planning is an ongoing process rather than an isolated event. It differs from the traditional model of comprehensive planning in several important ways.

- Strategic planning is pro-active. Through the strategic planning process, the community seeks to influence the future not just adapt to it.
- The comprehensive plan covers all the activities that should be done without indicating which are the most important; the strategic plan focuses on just the critical strategic issues and directs resources to the highest priority activities. Setting priorities is necessary because the resources available to local government and the community are less than the demands made upon them.
- The comprehensive plan is usually produced by experts, but the strategic plan is developed by a team that represents the local community and all the entities that will be asked to implement the plan.

Thus, we may regard the participatory strategic planning model (PSP model) both as a *policy process* and as a *policy* itself. As a policy, it answers the question of how to deal with the scope of development issues and recommends shaping the future and maximizing benefits using local advantages and external opportunities. In contrast to the all-embracing approach commonly used in traditional comprehensive planning, it suggests a focus on the highest priorities. As a policy process, PSP model addresses the organization of development planning suggesting a set of

procedures and sequence of stages analogous to the classical model of the policy process, starting from agenda setting and finishing with monitoring and evaluation.

This conclusion is important because, as already stated, there is precious little experience of designing the policy process in Russian local and regional authorities. In 1990s, this started from ground zero and it unsurprising that some first attempts to lay out priorities and development goals failed. Three key problems can be identified.

First, the developers, that is the administrative departments, conducted work on their parts of the document separately from each other. They were often unable to build consensus among themselves in cases of conflict. Under this scheme of work, they also lack a perception of the upper level goals and usually just tried to justify their budget needs in ignorance of these.

Secondly, the problem-oriented approach dominated in these documents (Jounda 2002) is of limited effectiveness if the system faces the challenges of constant changes. Problems transform as time goes by yet developers and working groups try to solve them as if they were still in their initial state (Ackoff 1972). It will be no surprise then that in the highly unstable and often unpredictable environment, the majority of these documents were never implemented.

Thirdly, traditional planning methods used by developers tended to be have a short term planning horizon, were staff oriented and did not receive support from the society. Thus it was usually not possible to attract additional resources apart from the budgetary ones. Taking into account the tendency to reduce the level of tax revenues from the local budgets and to decrease of share of capital expenditures, the ability of these methods to have a significant contribution to developments was limited.

A Variety of Approaches within a Common Model

Here let us to summarize the results of the case-studies analysis and indicate the differences in application of the PSP model to local development policymaking in Russian cities.

In *St.-Petersburg* the development of the strategic plan was based on experience of the western cities, the model of the process was borrowed from Barcelona and adapted to the local conditions. It was aimed at enhancing the competitiveness of the city, it was focused on local priorities and based on the principle of broad public participation. Both the interim and the final proceedings of the work on the strategic plan were publicized in the mass media and on the internet as were the results of the monitoring of its implementation.

Specific characteristics of St.-Petersburg's Strategic plan are: (a) the coordinating work was carried by an independent Project bureau which facilitated entire process of the development of the plan, (b) The strategic plan was adopted as a public treaty. It was signed by all stakeholders – members of the General Council on Strategic planning (including public officers, representatives of the business circles, local community, and members of the Legislative Assembly) but it did not become a legally binding document and that has caused some problems with its implementation. A second problem concerned the involvement of the business circles, several groups of enterprises' directors persuading different interests have emerged (for more details, please, see p. 28). Nevertheless, the results of the monitoring of the implementation of the Strategic plan conducted in 2002 showed significant successes in both implementation of particular actions and achievement of upper level objectives. Moreover, the participatory approach has taken root. It was used in the development of other publicly important documents that set urban policies and projects. Currently, the city's administration is considering whether to update the plan and to lay out the Strategic plan II.

In *Cherepovets* the first attempts to develop the city's strategy failed because of a lack of communication between departments themselves and with actors outside the administration. There was also a lack of appreciation of the city's overall development objectives. The failure of the first attempt made the administration revise its approach to be more systematic, communicative and open to participation and partnership with actors outside administration. However, the coordinating unit was still inside local administration and thus political changes and rearrangements in the city's administration significantly protracted the process. Substantial attention was paid to the involvement of the entrepreneurs and some innovative techniques were used. The partnership created between business and the municipality during the planning process did yield in various joint efforts to solve particular city problems.

Another specific feature of strategic planning in *Cherepovets* is the system of "project bureaus", which is planned to act as a control on the implementation of the strategic plan. However, apart from this function, bureaus will also produce suggestions and comments for the administration on local initiatives, focus the attention of the authorities on particular problems, and represent the interests of the local community. Unfortunately, it is not yet possible to talk about the performance of this approach, as this strategy was adopted just recently.

In *Kirov* the strategic planning process was organized by the local administration with the participation of external experts. Despite the absence of a coordinating body, the development of the plan went off smoothly and without serious delays. But the chosen approach differs from the

other two cities in several respects: (a) it attempts to combine a strategic plan with the comprehensive development program. These are not only two different types of documents but they are two different models of planning as well; (b) the developers of the plan disregarded the principles of public participation, only a narrow circle of the city's officials; representatives of some enterprises and experts were involved. All this made Kirov's plan purely an administrative document which does not seek the support of the local community and thus undermines its ability to attract additional resources for implementation.

This all-embracing approach meant that during the implementation of the plan the number of programs was curtailed from 26 (initially stated in the plan) to 16 and then to 10 representing the most important of them and their implementation is only possible taking into account the resources available. Preliminary evaluations of the implementation of the plan were unsatisfactory.

Basing on a slightly modified model from the one suggested by Zhikharevich (2002) we may differentiate the following approaches to or types of development policymaking:

Administrative type - development of the plan is carried out by a team inside of the administration, the citizens and stakeholders are not involved but are, in some cases, informed about results post factum.

Elite - a narrow circle of stakeholders/experts is involved in the process. Work is conducted internally; results may be published, but not accessible to public.

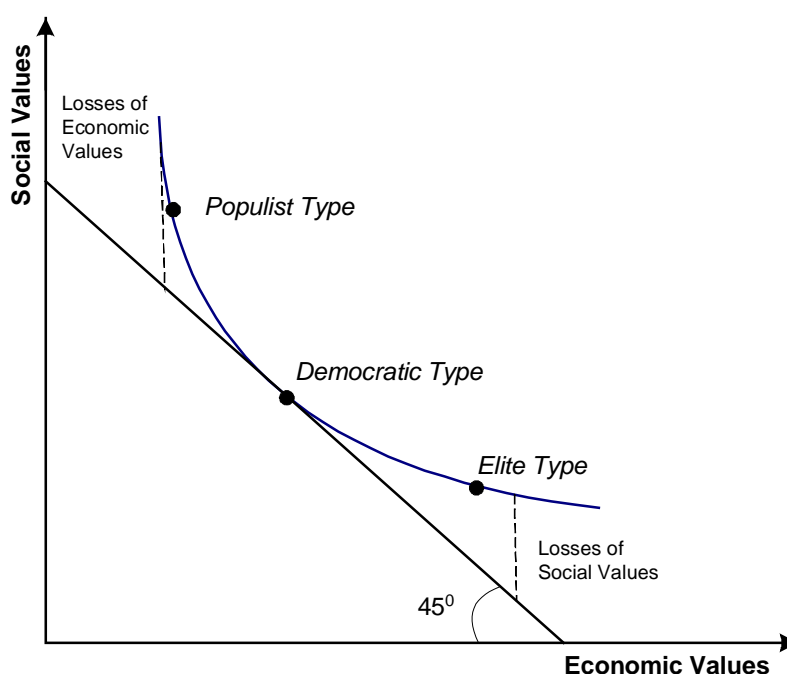
Democratic type – elaboration of the plan organized with the participation of professionals, experts, city administration, stakeholders and representatives from civil society. The process is transparent and the results are published (St.Petersburg, Kazan).

Populist type – emphasis is on public relations, development of the Strategic plan is closely tied to one or another political leader, the content of the plan intentionally becomes simpler. As a rule, it does not tend to bring about very practical results.

Naturally this attempt to classify variety of the approaches used in practice is a sort of simplification, but nevertheless we may characterize the strategic planning process in Petersburg and Cherepovets as a democratic type of policymaking, whilst their previous attempts to lay out the development plans were more of an administrative type. Kirov's experience appears to be more of elite/pragmatic type planning process, which failed to build sufficient capacity for the implementation of the final strategy.

In the approach we use here the transparency and openness of the policy process is key determinant of participation. This is only one aspect of the question, however it appears important in respect to: 1) capacity building for not only implementing development policy but also drawing it up; 2) the phenomena of state-capture. As already mentioned, state-capture is when the policy process is privatized in favour of certain groups which are able to lobby for decisions which may be economically effective sometimes, but which may also conflict with social values. Balancing these values requires the establishment of a more democratic policy process which not merely limits the influence of certain social groups intent on keeping control over their rent sources but also ensures the responsiveness of the authorities to the interests and voice of less successful groups. To illustrate this we use figure 3.

Fig 3. Types of process and compromise between Social and Economic Values



We did not put the administrative type on the figure because, depending on the situation, it may place either excessive stress on social values (in the context of an electoral campaign, for example) or on economic values (when the local authorities are held captive by business, for example).

From a participation point of view, the cities in our research study use roughly the same set of forms and mechanism to provide for public participation, namely:

- Thematic commissions and working groups

- Councils on strategic planning.
- City's conferences.
- Surveys and polling.
- Telephone Hot-lines.
- Presentations.
- Publications in mass media etc.

All these forms presuppose different levels of citizen participation, amongst which we may differ active and passive forms. Passive forms are aimed at informing citizens about the progress of the work and its results (publications, presentations) and receiving data necessary for developing strategy (polls, interviews). They may be used for receiving feedback concerning implementation in order to evaluate performance and levels of satisfaction in specific measures. Active forms of the participation presuppose more active involvement of the local community representatives in developing strategy, i.e. working in thematic commissions, working groups, city's planning council etc.

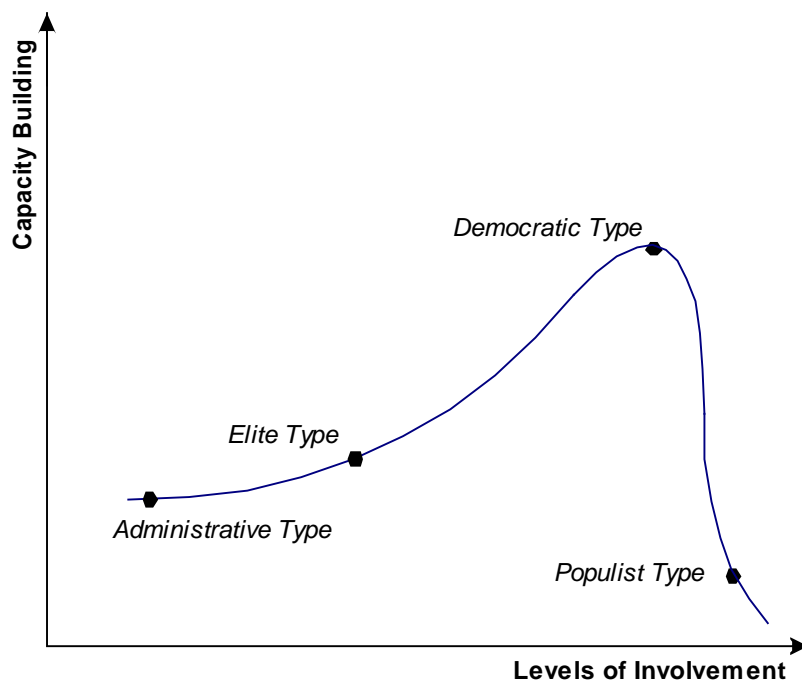
Establishing preferences for one or another form of participation depends on the stage of the policy process and the task which the developers face at the particular stage. When setting the goals and priorities and forming actions' plans active forms must prevail. Passive forms allow for broader involvement of the public and may be used throughout the entire process of development and implementation. They become critically important at the stage of analysis and evaluation of the strategy's performance. The last aspect – the use of polls for evaluating citizens' satisfaction has yet to be used in any of the cities in our review.

It is also important to remember that participation also has various costs and these costs do not always make a positive contribution to the process. To illustrate this we use figure 4.

An additional argument for more *pro* active forms of participation is the close interrelation between the strategic planning process and *political cycle*. To ensure the continuity of the planning process, it is necessary to establish permanent bodies such as commissions and councils on strategic planning which consist of representatives of the diverse groups in the local community, not only representatives of the local administration and the groups which are close to it. If this is not done, then with any change of political leader will increase the chances of delaying or even threatening the planning process altogether. At the same time, it would be wrong to underesti-

mate the *role* of the *political leader* in the strategic planning process. Like any policymaking process, it requires strong leadership and the involvement of the city's mayor.

Fig. 4. Levels of Involvement and Capacity: Costs of Scale



Examining the political cycle raises the question of the *status* of strategic plans. Should it be a requirement that the plan is adopted as a legal act akin to a public treaty? As the experience of St.-Petersburg assuming the legal status of a public treaty is still sufficient to achieve tangible results during implementation. On the other hand, there are certain disadvantages to this approach. Preserving the plan despite changes to the city's officials requires that it is adopted by the members of the local legislative body after public discussions.

As we have seen, there are a number of alternatives for organizing the development of the strategic plan. . For example, the coordinating unit may be both inside and outside of the city's administration. Although, initially, the process is subject to the dictates of the local authorities to a greater degree there is also an immanent risk of discontinuity due to rearrangements in the administration. As data from the Eurasia Foundation shows, if previously 80% of grant applications for support of strategic planning in a particular city were originated in the city and municipal authorities, this proportion has now changed in favour of proposals developed by nongovernmental organizations and local communities (Efimova-Gart 2004). This demonstrates how the role of the civil society institutions has been strengthened in the development of local policies and deci-

sion-making priorities. That is a very positive sign in the sense that we understand that democratic and participatory policymaking requires strong institutions of the third sector.

On the other hand, it is difficult to imagine the realistic strategy developed by NGOs if this process is not supported by the local authorities. We may be sure that in the absence of a coordinating body even if it is possible to develop strategy, as we have seen in case of Cherepovets, its implementation will be threatened. Overall, attempts to follow standard schemes or to replicate another city's success must be very careful.

Finally, regarding the relation of the strategic planning to other types of planning in the municipalities. To see strategic planning as a remedy against all and every problem leads to misunderstanding and an underestimation of the hardships which developers face during implementation. The Strategic plan must become a base for coordinating other planning activities and be connected to short- and midterm planning. As strategic planning is an ongoing process of local development policymaking, it is important to include procedures for monitoring and evaluation and the timely correction of strategy. Moreover in many cities the chosen strategies have broad context and refer a range of local policies such as in housing, urban utilities, labor market etc. Thus, strategies are closely linked to and influence the day-to-day running of the city and the particular policies of the local authorities.

In conclusion to this section we have to recognize that in Russian practice there is no, as yet, single treatment of strategic planning. Often developers rely on their own understanding of the concept. Popularity can play a trick on strategic planning, its label can be assigned to both volumetric comprehensive development plans using an all-embracing approach or short and abstract memorandum which has no practical significance. Perception of the concepts (strategic planning, citizen participation) as a whole is not always appropriate and this leads to shortcomings in implementing PSP model.

Why Strategic Planning? Pros et Contras

Here we will try to understand why the PSP model receives recognition and enjoys a certain popularity in Russia. The examination of the case-studies and the policymaking environment conducted in our research allows us to conclude the following:

Firstly, participatory strategic planning model became an adequate answer to:

- Frequent and unpredictable changes in the external environment (political, legislative, financial and governmental).
- Cuts in revenues of local budgets and expenditures regarding developments which the local budget is able to carry out.
- Impossibility to rely further on administrative planning methods, which often led to failure in the new conditions.

Secondly, the participatory strategic planning model allowed to:

- Build up the policymaking process from ground zero, since as we stated in the beginning of the paper, local authorities have had neither experience nor skills of policymaking. During the soviet era there were no independent policy authority.
- Build consensus in the local community about the idea of achieving the desired future by joint efforts and formulating the prioritized actions necessary for that.
- Balance the social and economic dimensions of development and avoid the decisions going against the interests of the local community and negatively affecting vulnerable groups.
- Strengthen the dialogue between authorities and entrepreneurs, and make it transparent thereby decreasing the risks of the privatization of public policy. It would be naïve to assume that participatory strategic planning model may solely solve the problem of state-capture. Nevertheless the legalization even of a part of the conversations occurring behind the scenes will be a significant step forward. It creates an opportunity for the local community to observe and control these dialogues and intervene where it becomes necessary to secure the community's interests.

At the same time, a participatory strategic planning model contains certain risks.

Among the risks most often mentioned, the principal one is the risk of *lead-timing* the process and therefore the *costliness* of the participatory mechanisms. However as this research showed this risk is not considerable. In all cities studied in the course of this research, the process of strategic planning took a year as rule. Although most respondents representing cities could not give the exact sum of money spent in the development of the strategic plan, they estimated that the share of the expenditures tied to public involvement did not exceed 10% of total expenditures..

As the experience of several cities showed, the risk of lead-timing is much higher when the process is more affected by rearrangements in the city's administration or in the case of *change of political leadership*. Nevertheless, as already stated, this risk may be reduced by several ways, including the mechanism of permanent commissions, adoption of the strategy by the local legislative assembly and the organization of the entire process by an independent facilitating body.

A second *risk of token playing the game* of participation. In such a case participation becomes a formality whereby the developers pretend to take into the account public opinion. This risk is higher when the development of the strategy is connected with receipt of donor assistance or similar outside sources of funding. There are at least two ways to control this risk. First is the provision of the mayor's participation whose position and authority can set the purpose of true participation (although in an electoral campaign there is a danger that this itself may turn out to be a PR exercise). A second and arguably more effective way is to use organizational mechanisms to clearly regulate methods of identifying stakeholders, establishing procedures for public involvement and, in particular, appointing co-heads of thematic commissions from representatives of the NGOs and community leaders etc.

A third serious risk is *misunderstanding of the PSP* model and the methodological provision of the process. This may lead to implementation failures. This perhaps would not be surprising. When a new concept receives recognition one result is to find in a particular city not necessarily a strategic plan but "something similar.". Here we would like to distinguish between this situation and the "*escape hatches*" phenomena (Apthorpe 1986). "The latter refers to a situation when developers try to explain its poor performance because of the shortcomings in its implementation. Here we can say that the developers are not adhering to a strategic planning methodology but are still using the label of strategic planning. An example here is when participation is not systematic, and the thematic commissions are formed by chance rather than a rule. By in large, the organization of participation is not as easy as one may imagine; it requires careful consideration and innovative design of methods. In practice it is often much easier to involve leaders (both from business and third sector) than to design a process which allows diverse groups and in particular "outsiders" to be involved. Leaders can be well known. To involve outsiders it is necessary to understand who they are, and invent methods to stimulate their participation.

Returning to the risk of "*escape hatches*", a typical mistake of developers is that it is usually not enough to draw up a strategy, it is also necessary to establish a system of control and put in place appropriate changes to the entire system of city governance in order to make the new mechanism work.

Here we have considered most widespread risks. The main conclusion is that each of them can be managed. There are few universal recipes or formulas, but in each particular case developers may find their own ones, which will be most appropriate to the situation. In all likelihood, the most brilliant strategy may only be regarded as successful in case of its implementation.

Issue of Performance Measurement

In most cities the strategic plans include procedures for the monitoring and evaluation of the performance, however in not every case do the developers pay sufficient attention to them. In only St.-Petersburg was there a systematic and regular monitoring of the plan's implementation and progress. The result of showed comparatively good outputs (two thirds of actions were realized successfully), and outcomes – significant performance in achieving the upper level goals⁹ for example, real monetary incomes of the population grew in the first half-year 2002 by 14,8% in comparison with the previous year.

However, do these achievements result from implementation of the strategic plan?. It might be possible to answer this question by comparing two groups of cities – one with strategic plan and another of similar size and economic structure without such strategic plans. By observing the dynamics of the integrated indicators of socio-economic development over a sufficient period of time it would be possible to find out whether strategic planning promotes better development. Unfortunately such approach is difficult because the number of cities developing and implementing strategic plans is comparatively small and the time elapsed since implementation of the plans is too short.

At the same time we can conclude that the use of strategic planning represents a transition to a new quality in both local policymaking and development policies. The quality of the results depends on how consistent local authorities will be in implementing the approach.

⁹ In general, classical models for the evaluation of performance presuppose a broader ranger of dimensions for the measurement– inputs, activities, outputs and outcomes (OECD, 1999), but, here for us, the outputs and outcomes are most important.

Conclusion

Strategic planning is a new practice in the governance of Russian cities. Its dissemination was supported by a range of international donors and local think tanks which promote strategic planning approach in tandem with public participation principles. The number of the cities adopting this approach grew has grown year to year and numbers around one hundred by now (Zhikharchich 2002). However only a small group of them (about 20-30 cities) are consistent in implementing this practice and have made significant progress – St.-Petersburg, Cehrepovets, Kazan, Ekaterinburg, Novosibirsk, Obninsk, and a few others. Thus this process has gained sustainability and power but, at the same time, it still requires careful attention and support. There are still no well-tested formulas of how to construct an optimal strategy.

Lets us sum up the major findings of the research conducted.

First, we may regard the participatory strategic planning model (PSP model) as both a policy process and a policy itself. . As a policy, it answers the question of how to deal with the scope of development issues and suggests ways to shape the future and maximize benefits using local advantages and external opportunities. In contrast to an all-embracing approach from traditional comprehensive planning, it suggests directing attention to the highest priorities. As a policy process, the PSP model demonstrates how development planning can be organized and suggests a set of procedures and sequence of stages which are analogous to the classical model of policy process, starting from agenda setting and finishing with monitoring and evaluation.

Secondly, each of the above mentioned aspects of the PSP model has been s claimed by Russian cities and municipalities. It has been claimed as a policy in reaction to the realignment of the system of inter-budget relations, economic decline and in the post 1998 financial crisis when demands for more effective usage of local resources (engaging local development potential) and better adaptation to rapid environmental changes were intensified. It is also claimed as a policy process, a new way of decision-making at local level. It allows to build up policymaking from ground zero, since local authorities in Russia previously have had neither experience nor skills in policymaking.

Thirdly, in conditions of state-capture (Hellman, Jones & Kaufman, 2000, and also Hellman, Jones, Kaufman & Schankerman, 2000), participatory policymaking model offers an

opportunity to reduce the risk of *privatization* of public policy in favour of a narrow circle of local politicians and related entrepreneurs who lobby for decisions which may sometimes be economically effective but also may threaten the true interests of the local community and have a negative affect on socially vulnerable groups. Thus, it can achieve balance of powers throughout policy development and implementation.

Fourthly, it goes without saying that the right choice of an appropriate planning model does not guarantee its success. Ignoring model's limitations can lead to failure and, in some cases, a discrediting of the participation principle and strategic planning model as a whole.

Fifthly, the promotion of participation principles and strategic planning as a single package sets the conditions for spreading participatory mechanisms into other sphere of public policy and governance. It creates an opportunity to show how these ideas work and, when the results are tangible, it allows the participation principle to be normalized and subsequently internalized as a value by local politicians and public officers.

Acknowledgements

The author is grateful to his mentors: Dr. Ivan Tosics (Metropolitan Research Institute in Budapest), Dr. Natalya Lebedeva (Institute for Regional Economy run by Russian Academy of Sciences in St.-Petersburg) and Dr. Andrew Cartwright (Center for Policy Studies in Budapest) for the attentive and thoughtful mentoring during the fellowship. The author appreciates valuable comments and contribution to his research from Dr. Boris Zhikharevich and Dr. Leonid Limonov. The author also thanks IPF program staff, IPF trainers and Center for Policy Studies at CEU who made this research possible.

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