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## Strategy of social and economic development of the Republic Karelia for the period up to 2030

*Abstract:* The relevance of the study lies in the fact that the Strategy of socio-economic development of the Republic of Karelia determines the priority directions, goals (strategic), key tasks, and general measures for the long-term development of the Republic of Karelia. The study purpose was a systematic and comprehensive analysis of the emergence and subsequent justification of the concepts and systems of legal structures that characterize the Strategy. The regulatory framework of the study was as follows: The Constitution of the Russian Federation, Decrees of the President of the Russian Federation, Resolutions and Orders of the Government of the Russian Federation, Orders of the Ministry of Economic Development of the Russian Federation, Laws of the Republic of Karelia, Orders of the Government of the Republic of Karelia. The conclusions of this study expand and deepen the knowledge in the field of coverage of problems related to the implementation of the Strategy. The materials of the article are intended for scientists, specialists and students studying issues and problems of the legal development of the regions of the Russian Federation.

*Keywords:* Republic of Karelia, development strategy, development stages, legal structures, covid.



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## Стратегия социально-экономического развития Республики Карелия на период до 2030 года

*Аннотация:* Актуальность исследования заключается в том, что Стратегия социально-экономического развития Республики Карелия определяет приоритетные направления, цели (стратегические), ключевые задачи, основные мероприятия долгосрочного развития Республики Карелия. Целью исследования являлся системный и комплексный анализ появления и последующего обоснования понятий и системы правовых конструкций, характеризующих Стратегию. Нормативную базу исследования составили: Конституция Российской Федерации,

Указы Президента РФ, Постановления и Распоряжения Правительства РФ, Приказы Министерства экономического развития РФ, Законы Республики Карелия, Распоряжения Правительства Республики Карелия. Выводы настоящего исследования расширяют и углубляют знания в области освещения проблем, связанных с реализацией Стратегии. Материалы статьи предназначены для учёных, специалистов и студентов, изучающих вопросы и проблемы правового развития регионов Российской Федерации.

*Ключевые слова:* Республика Карелия, стратегия развития, этапы развития, правовые конструкции, коронавирус.



## Introduction

The relevance of the research lies in the fact that the Strategy of socio-economic development of the Republic of Karelia determines the priority directions, goals (strategic), key tasks, and general measures for the long-term development of the Republic of Karelia. The study of this topic will allow us to give a comprehensive description of all of the above since the Strategy is implemented through the development of an action plan, as well as various regional state programs.

The study object was the social relations that will arise during the implementation of *The Strategy of Social and Economic Development of the Republic of Karelia*.

The study subject was the decree of the Government of the Republic of Karelia *On Approval of the Strategy of Social and Economic Development of the Republic of Karelia*, as well as regional state programmes.

The study purpose was a systematic and comprehensive analysis of the emergence and subsequent justification of the concepts and systems of legal structures that characterise the Strategy, as well as an identification detailed and study of the problematic aspects of this document.

To achieve the purpose, the following tasks were set:

- study the theoretical foundations that are set out in the normative legal acts related to the study topic;
- describe the main concepts listed in the Strategy and the documents adopted in its development;
- analyse the main directions of the Strategy;
- provide information and conclusions in the form of a study.

The regulatory framework of the study was as follows: The Constitution of the Russian Federation, decrees of the President of the Russian Federation, resolutions and orders of the Government of the Russian Federation, orders of the Ministry of Economic Development of the Russian Federation, laws of the Republic of Karelia, and orders of the Government of the Republic of Karelia.

The theoretical significance of the research is determined by the focus on solving issues relevant to the further social and economic development of the Republic of Karelia. The study conclusions expand and deepen the knowledge in the field of coverage of problems related to the implementation of the Strategy. The practical value of the study lies in the possibility of its use in lectures and seminars related to the subject of it, as well as in the preparation of training courses on financial law in higher and other educational institutions.

## **General characteristics of the Strategy of Social and Economic Development of the Republic of Karelia**

The strategy of social and economic development of the Republic of Karelia is based on a set of regulatory legal acts of the federal and regional levels. Among them are the following:

- Federal Law No. 172-FZ of 28 June 2014 *On Strategic Planning in the Russian Federation*;
- Law of the Republic of Kazakhstan dated by December 28, 2015, No. 1973-ZRK *On Certain Issues of Strategic Planning in the Republic of Karelia*;
- Order of the Ministry of Economic Development of the Russian Federation No. 132 of March 23, 2017, *On Approval of Methodological Recommendations for the Development and Adjustment of the Strategy of Social and Economic Development of the Subject of the Russian Federation and the Action Plan for its Implementation*.

It should also note that the Strategy considers the provisions of the following documents, which were adopted to implement unified strategic programs in the Russian Federation:

- *The Concept of Long-term Social and Economic Development of the Russian Federation for the Period up to 2020*, approved by Order of the Government of the Russian Federation No. 1662-r, November 17, 2008;
- *The National Security Strategy of the Russian Federation*, approved by Presidential Decree No. 683, December 31, 2015;
- *The Strategy of Innovative Development of the Russian Federation for the Period up to 2020*, approved by the Decree of the Government of the Russian Federation No. 2227-r, December 8, 2011;
- *On National Goals and Strategic Objectives for the Development of the Russian Federation for the period up to 2024*, approved by the Decree of the President of the Russian Federation No. 204, May 7, 2018;
- *On Approval of the Fundamentals of the State Policy of Regional Development of the Russian Federation for the Period up to 2025*, approved by the Decree of the President of the Russian Federation No. 13, January 16, 2017;
- State programs of the Russian Federation and the Republic of Kazakhstan, other documents of industry planning.

Moreover, it is important to point out that the Strategy also considers the provisions of the federal target program *Development of the Republic of Karelia until 2020*, approved by the Decree of the Government of the Russian Federation No. 570 of June 9, 2015.

The main mission of the Strategy is to increase the true well-being of citizens in the Republic of Karelia, to create various opportunities for residents through self-realisation, which will be expressed in increasing the number of new jobs, as well as improving the level and quality of life, ensuring citizens' access to the social and cultural benefits of the republic. As political scientist Oleg Reut noted in his article, "the strategy-2030 contains a brief analysis of the results of the implementation of the previous strategic documents of Karelia" (Reut, 2019).

The practical implementation of the analyzed Strategy will allow for a gradual and smooth transition to a model of long-term sustainable self-development from the old industrial model of development based on extensive use of natural resources. The new model will be based on:

- 1) the concentration of added value in the region,

- 2) maximum use of the available economic potential,
- 3) improving environmental sustainability and realising human potential.

The Strategy is based on world experience, so it will not threaten the existence of future generations and the opportunities for their self-realisation.

The priorities' development for the regional development is based on direct statistical studies. Based on them, performance indicators were calculated and relevant conclusions were drawn, as well as on the results of in-depth interviews with experts and residents of the subject.

The Strategy and its additional appendices define the main priorities for the development of municipalities in the subject. To prepare the Strategy, a forecast of labour resources was made, investment projects that coincide with the main directions of development of the Republic of Karelia, which is subject to execution in the short and long term, were studied, federal projects in which the subject may participate were considered.

The Strategy describes the current level of social and economic development of the subject (features of the economic and geographical location, e.g., the presence of a border with the Republic of Finland, i.e., the European Union, with a sufficiently developed border infrastructure) in details.

Separately, the features, trends and problems of the social and economic development of the subject in previous years (2013-2017) are raised. It is indicated that the development of the republic was influenced by:

- increased social tensions;
- high public debt of the Republic of Karelia;
- the slowdown in economic growth caused by the deterioration of the macroeconomic environment, the development of crisis phenomena in the economy and changes in tax legislation.

It is necessary to note that the structure of the gross value added (established) and the structure of the use of the gross regional product of the Republic of Karelia cannot provide the necessary conditions for entering the trajectory of sustainable economic growth.

After analyzing the results of the implementation of the previous strategic documents of the Republic of Karelia, the Strategy complements and changes the main goals and objectives of *The Strategy of Social and Economic Development of the Republic of Karelia for the Period up to 2020* (e.g., in terms of strengthening the role of the Republic of Karelia as a border region in the north-west of Russia: in economic, scientific, technical and cultural interaction of the Russian Federation with the countries of the European Union).

In the future, the analysis of the potential (spatial, social and economic and environmental), the main trends and features of the social and economic development of the Republic of Karelia are carried out.

As an example, the main elements that form the internal potential of the socio-economic development of the Republic of Karelia are:

- the presence of a significant operational reserve of natural resources (mineral, forest, biological water, land, fuel and energy, tourist and recreational), which can be additionally involved in economic turnover;

- the presence of large industrial enterprises with serious technological competencies and significance in international and Russian markets, with a high potential for expanding and increasing production volumes, creating new jobs, and developing cooperation with small businesses.

The article reveals the problem of realising this potential, which consists in a serious territorial unevenness of the region's development, caused by:

- growing disparities in the level and dynamics of social and economic development of individual municipalities;
- differences in the level and quality of life in urban and rural localities.

### **Stages of development of the Republic of Karelia**

It should note that the Strategy regulates in detail the stages of development of the republic.

The first stage is being implemented in 2019-2021. The basic conditions for the sustainable development of the Republic of Karelia will be created. Priority will be given to the following areas: engineering, energy, transport infrastructure, communications. Social infrastructure will also be developed, namely, conditions will be provided for improving the quality of health care, education, including additional education.

The second stage is being implemented in 2022-2024. A new model of development of the republic, based on the principles of sustainable development, will be formed as well as the implementation of the provisions of the Decree of the President of the Russian Federation of May 7, 2018, No. 204 *On National Goals and Strategic Objectives of the Russian Federation Development for the Period up to 2024*. Thus, actions will be aimed, e.g., at ensuring sustainable natural growth of the population of the Russian Federation; increasing life expectancy to 78 years (by 2030 – to 80 years); ensuring the steady growth of real incomes of citizens, as well as the growth of the pension provision level above the inflation level.

The third stage is being implemented in 2025-2030. There will be a model that will be formed at the second stage, which will improve the quality of life, make a certain leap in the development of individual industries. It is also expected to scale up the best practices of social policy. Lean manufacturing technologies will be introduced in all municipal and regional institutions, including healthcare institutions. As for the industry, there will be widespread use of environmentally friendly technologies. Urban districts will be developed taking into account the principles of creating a modern humanistic urban environment. And emergency repairs in the housing and communal services will be replaced by planned ones, i.e., all bottlenecks in the infrastructure (transport, energy) will be eliminated.

In essence, *The Development Budget of the Republic of Kazakhstan* will be aimed at implementing the measures specified by the President of the Russian Federation in the Decree *On National Goals and Strategic Objectives of the Development of the Russian Federation for the Period up to 2024*, as well as at:

- ensuring the stabilization and balance of the regional budget system,
- levelling of possible consequences for the republican budget due to possible changes in the system of inter-budgetary relations.

The Strategy will be implemented through the implementation of organizational measures and investment projects.

The sources of financial support for such projects are as follows:

- federal budget funds;
- budget funds of the Republic of Karelia;
- funds from the budgets of municipalities in the Republic of Karelia;
- funds of development institutions;
- extra-budgetary funds;
- extra-budgetary funds, including in the form of public-private, municipal-private partnerships.

It is impossible not to pay special attention to the fact that in connection with the spread of the new coronavirus infection COVID-19, several regulatory legal acts have been adopted aimed at countering the negative consequences in the Russian economy. At the same time, the strategic documents also consider this problem, e.g., in the Order of the Government of the Russian Federation of 12.04.2020 N 993-r *On Approval of the Strategy for the Development of the Agro-Industrial and Fisheries Complexes of the Russian Federation for the Period up to 2030*, the uncertainty that arose at the beginning of 2020 in connection with the spread of the coronavirus epidemic is noted, and the emphasis is placed on the fact that the development of the Russian economy in general and the agro-industrial and fisheries complexes in particular, may have a negative impact on the development of coronavirus infection. Moreover, there are already draft Resolutions of the Government of the Russian Federation *On State Support for Organizations in the Information Technology Industry, as well as the Domestic Software Development and Implementation* and *On the Suspension of Certain Provisions of Certain Acts of the Government of the Russian Federation*, the adoption of which will make adjustments to *The Strategy of Social and Economic Development of the Republic of Karelia for the Period up to 2030*.

### **Discussion**

The analysis of the legal platform of the regional development strategy of any state is relevant at all stages of the development of statehood, and the correspondence system between the legislative base of the region and the state is of particular importance in understanding strategic development. This issue is of particular importance in states with a complex structure of the territorial structure. There is a combination of such concepts as the centralization of power and the desire of regions for self-development. In this regard, the study of the regional development strategy of the Republic of Karelia requires continuation in the following areas:

- Compliance of the legislative framework for the strategic development of the region with its social and economic potential.
- The conflict of legislative interests of the subject of the country and the central government in the period of sanctions pressure or a pandemic.

The analysis of these issues is being updated at the current stage of the society's development and will be of interest not only for Russian researchers, but also for European scientists studying the issues of the strategic development of the Russian Federation.

### **Conclusion**

Based on the material presented in the general part of this study, the following conclusions can be drawn.

The main goal of the Strategy development is to propose a set of strategic directions for the development of the republic, consisting of clearly defined measures that are aimed at putting the region on a sustainable trajectory of socio-economic development and getting rid of the existing negative trends. This trajectory will be based on the model of advanced economic growth, as well as the strengthening of the economic base of the subject.

As noted in the general part of the study, the main mission of the Strategy is to increase the well-being of the republic residents.

In the course of analyzing the structure of the Strategy, it can be stated that the very concept of ‘well-being’ is focused on the growth of a subjective sense of personal happiness, which includes not only the level of income, but also non-economic indicators, including the value of leisure, ecosystem services, and the quality of work. Therefore, the main directions of the region's development should be based on investments in human capital, innovative sectors of the economy, and the preservation of ecosystems.

The “well-being” concept is evaluated by the possibility of:

- the self-realisation of citizens; minimizing property inequality, as well as other indicators of inclusive economic growth;
- improving the quality of the urban environment and environmental indicators;
- the expected duration of a healthy life, human development indicators;
- the development of democratic institutions and public participation of citizens of the republic.

Thus, not only the economic (level of income, volume of production and investment) but also the social, environmental, spatial and managerial components are considered.

It is necessary to understand that the main goal at the first stage of the Strategy implementation (until 2021) will be to ensure economic growth and social development at a pace that is ahead of the national average due to the basic conditions for entering the trajectory of sustainable development: strengthening the economic base; stimulating entrepreneurial initiative, sustainable spatial development; improving the efficiency of state and municipal management.

The second stage (until 2024) is to invest in the human capital sector, the environment, the renewal of industry, as well as the formation of a new model of sustainable long-term development of the Republic of Karelia. The key at this stage will be the implementation of Presidential Decree No. 204 of May 7, 2018.

The goal of the third stage (until 2030) is to scale the developed model of sustainable development and transition to a fundamentally new quality of economic growth, that is, to consolidate and expand what was done in the second stage.

All of the above makes it clear that by 2030, such a Strategy should enable the region to:

- realise its existing human potential,
- increase opportunities for self-realisation (by ensuring an increase in the standard and quality of life, gaining access to social and cultural benefits),
- create an “environment of equal opportunities” for everyone.

The result of the strategic measures will be the implementation of a model of catch-up development (with growth rates higher than the national average) with access to a model of sustainable long-term development by 2024.

Thus, this study allowed us to give a comprehensive description of *The Strategy of Social and Economic Development of the Republic of Karelia for the Period up to 2030*, to consider the features of its various aspects, to reveal the problematic issues related to the implementation of the tasks set.



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