

## Law on strategic planning in the Russian Federation: advantages and unresolved issues (expert evaluation)



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**Abstract.** The article substantiates the necessity to adopt the Federal Law “On strategic planning in the Russian Federation” as of June 28, 2014, No. 172-FL and reveals its advantages. At the same time, it draws attention to a number of strategic planning issues, not stipulated by the law, and suggests measures for further improvement of the legislation.

**Key words:** strategic planning, legislation, implementation mechanisms.

## 1. General provisions

So far, not all the regions and municipalities of Russia have adopted strategies for long-term socio-economic development. In many cases there is no integration and coordination between various planning documents (strategies, concepts, programs, and others); this fact leads to the disruption of their implementation and negatively affects administration effectiveness in the territories. It is necessary to define clearly the general lines of development for the defence, social, technological and economic spheres of the country in the long term.

In connection with the above circumstances, the adoption of the Federal Law “On strategic planning in the Russian Federation” dated June 28, 2014 No. 172-FL (hereinafter – FL No.172) is a necessary step toward the formation of an integrated system of strategic planning that covers federal, regional and municipal levels.

Several Russian economists highlighted the advisability of introducing this law into the regulatory framework. For instance, E.V. Zhirnel, the Deputy Director of the Institute of Economics, Karelian Research Center of RAS has noted that “the law actually changes the situation in the public and municipal administration. If earlier the territorial strategic planning was chaotic and “everyone was doing whatever he felt like”, then in the coming years the country will establish a new strategic planning system. Strategies at all levels will be linked”<sup>1</sup>.

<sup>1</sup> Zhirnel E. *Uslovii dlya investitsionnogo buma v Karelii net* [There Are no Conditions for Investment Boom in Karelia]. Available at: [http://vesti.karelia.ru/kapit/uslovij\\_dlya\\_investitsionnogo\\_buma\\_v\\_karelii\\_net/](http://vesti.karelia.ru/kapit/uslovij_dlya_investitsionnogo_buma_v_karelii_net/)

O.S. Sukharev, Doctor of Economics, Professor of RAS Institute of Economics believes that with the adoption of the Federal Law No. 127 Russia got an opportunity for the “revival and efficient functioning of the system of planning”<sup>2</sup>. At the same time he draws attention to the fact that the positive impact of the law in the future is determined by how it will be implemented.

According to O.S. Sukharev, the formation of the proportions and structure of the socio-economic system by its elements and directions involves the participation of analysts, economists, modellers, mathematicians, scientists and others in this process. And if such work is organized, it will contribute to the development of Russia’s economy.

Political consultant A. Wasserman believes that, if FL No. 127 is executed at all the levels of power in Russia, it will be possible to enhance economic efficiency. According to his viewpoint, this is conditioned by the fact that the “single plan” contains information about the processes occurring throughout the whole technological chain. Therefore, the determination of the planning landmarks allows a manager to make well-grounded decisions with less effort and greater accuracy<sup>3</sup>. However, A. Wasserman emphasizes that “the state has insufficient resources for strict planning”. Currently,

<sup>2</sup> Ermakova A., Ignatova K. *Vypolnyat' i perevypolnyat': vernetsya li pravitel'stvo k "pyatiletkam"?* [To Fulfill and Overfulfill: Will the Government Return to “Five-Year Plans”?]. Available at: <http://rosinform.ru/2014/07/12/vypolnyat-i-perevapolnyat-pravitelstvo-vozvrachaetsya-k-pyatiletkam/>

<sup>3</sup> *Vse idet po planu* [Everything Goes according to Plan]. Available at: <http://nakanune.ru/articles/19178>

when production capacities are mainly divided between numerous owners, and the state has direct control only over a small part of them, it is impossible to provide the level of planning, like that, for example, of the USSR. Therefore, there is no certainty in the implementation of the plan. This viewpoint is supported by M. Delyagin, the Director of the Institute of Globalization Problems, who supports the very fact of V.V. Putin's approval of FL No. 127. At the same time, according to the expert, it will be impossible to improve the efficiency of the economy without appropriate organizational work, and the law will remain wishful thinking, like many others before it<sup>4</sup>.

In our opinion, the sceptical attitude of some experts regarding the participation of business structures in the implementation of the strategy is not quite justified. We are talking about the indicative form of strategic planning, the use of which by advanced Western countries (Japan, South Korea, France and others) has proved its effectiveness. Unlike planning directives coming from above, which are typical for centralized economies, indicative plans do not contain mandatory tasks for economic entities, and they are developed in consultation with and consideration of the proposals of business community and scientific community. The very procedure for preparation of the plan aims to form a national consensus on the priorities of the country's socio-economic development and relies on the functioning of the institutions of social partnership. Indicative plans do not impede independent

<sup>4</sup> *Ibidem.*

goal-setting by economic entities, and perform for them the function of "beacons that cast light on promising areas of economy and government policy"<sup>5</sup>.

In addition, the urgent necessity to create a strategic planning system covering all levels of government was proved many times by the leading Russian scientists (S. Glazyev, P.A. Minakir and others)<sup>6</sup>.

## 2. Summary of materials submitted

FL No. 127 sets the legal standards for strategic planning, coordination of public and municipal strategic administration and budgetary policy in Russia. It defines the powers of the federal and regional public authorities and local government bodies, types of strategic planning documents and requirements to their content.

The approach to the formation of the state strategic planning system proposed by the law can be considered successful from the viewpoint of the detailed regulation of the process of approval of the list of documents on the state strategic planning, coordination of documents of the federal and regional levels, distribution of power between the participants of this process, and from the viewpoint of control.

<sup>5</sup> Glazyev S.Yu. Sostoitsya li v 1999-m perekhod k politike rosta? [Will There Be a Transition to the Policy of Growth in 1999?]. *Rossiiskii ekonomicheskii zhurnal* [Russian Economic Journal], 1999, no.1, pp. 22-39; no.2, pp. 14-32.

<sup>6</sup> Glazyev S.Yu. O strategii modernizatsii i razvitiya ekonomiki Rossii v usloviyakh global'noi depressii [On the Strategy of Modernization and Development of Russian Economy in a Global Depression]. *Ekonomika regiona* [Economics of the Region], 2011, no.2, pp. 14-27; Minakir P.A. Mify i real'nost' prostranstvennykh ekonomicheskikh disproportsii [The Myths and Realities of Spatial Economic Disproportions]. *Federalizm* [Federalism], 2011, no.1, pp. 43-56.

The undoubted advantage of the project is the consolidation of the status of sectoral strategic planning documents (Article 11 of Chapter 3), to which there have been no uniform requirements developed by the current legislation up to this time.

It is important that FL No. 127 contains provisions, according to which the draft documents on the state strategic planning are subject to public discussion and placement on the Internet (Article 13 of Chapter 3). Thus, the role of public and scientific organizations, employers' associations, trade unions, and other active participants of civil society becomes more important in the development of these documents.

### 3. Comments and suggestions

Certain provisions of the document under our analysis require clarification and improvement, in our opinion.

- We believe it is necessary in Article 3 of Chapter 1 **to clarify the concept of the strategy for socio-economic development of the Russian Federation** (the subject of the Russian Federation, the subject of municipal administration), defining it as a strategic planning document, which reflects not only the priorities, goals and objectives of administration, but also *the mechanisms and activities to achieve them*.

- It is advisable **to expand the powers of the state authorities of the RF subjects** in the sphere of strategic planning in terms of providing coordination and balance of strategic planning documents developed at both regional *and municipal levels* (Article 5 of Chapter 2). Otherwise, the basic principles

of development of a unified planning system are violated.

- It is advisable **to explain what the developers of FL No. 127 mean by socio-economic policy and socio-economic development**, because in Article 8 of Chapter 3 these categories are separated.

- We believe it is necessary **to eliminate the “fuzziness” of the powers of the supreme executive authority of the RF subject** by specifying *the exact content of its participation in ensuring the implementation of the unified state policy* in the sphere of strategic planning (Article 10 of Chapter 3).

- It is important **to specify** in the text of the law, **what the scheme of development of economic sectors represents** (Article 19 of Chapter 5) **and what information this document should contain**.

- To comply with the principle of the unity and integrity of the system of strategic planning documents, we believe it is necessary **to amend** Article 28 of Chapter 7 of FL No. 127 by *clearly defining the period for which the RF state programs are adopted*. We also believe it is appropriate **to expand the list** of strategic planning documents developed at the level of the RF subject by including the sectoral strategic planning documents in the list.

- In our view, it is necessary **to eliminate the contradiction** consisting in the fact that short-term documents (the annual Address of the President of the Russian Federation) in accordance with Article 15 of Chapter 4 are the basis for defining strategic goals and priorities of socio-economic development.

- We consider it necessary to bring the content of Article 11 of Chapter 3 in line with the provisions of Chapter 11. In particular, Paragraph 5 of Article 11 of Chapter 3 of FL No. 127 states that the strategic planning documents developed at the municipal level include the strategy for socio-economic development, the plan of measures for its implementation, the forecast of socio-economic development in the medium and long term, the budget forecast and the municipal program. However, Chapter 11 mentions only the first two types of the above documents.

There is no information about the content, procedure of development and approval of the other documents.

#### 4. Conclusions and recommendations

The adoption of the Federal Law No. 127, which establishes the legal framework for strategic planning in Russia and ensures the coordination of public and municipal administration and budgetary policy, is an imperative of these days. At the same time, we believe that the improvement of the law in order to eliminate the identified drawbacks will enhance the effectiveness of the strategic planning system in the Russian Federation.