

## 5.2 GOVERNMENTAL PLANNING SYSTEM

During the period 2003-2006, in order to implement city planning functions, St. Petersburg authorities created a governmental planning system - a component of city management system designed to help develop short-, medium- and long-term socioeconomic plans and provide follow-up control.

The governmental planning resulted in a unified system of interrelated documents including the following legal acts:

### *Long-term governmental planning:*

- The Concept for St. Petersburg Social and Economic Development
- The General Plan for St. Petersburg
- St. Petersburg Strategic Plan

### *Medium-term governmental planning:*

- The Program for St. Petersburg Social and Economic Development
- Prospective Financial Plan

### *Short-term governmental planning:*

- The Annual Governor's Address to St. Petersburg Legislative Assembly
- St. Petersburg Budget

The planning system is focused on individuals - St. Petersburg citizens. **Plans and programs are aimed at creating of living conditions that would meet European standards.** Therefore, the city authorities are committed to fulfilling introduced guidelines and regulations concerning living environment.

The goals of St. Petersburg governmental planning system are:

- to provide sustainable, balanced socioeconomic development of St. Petersburg; to achieve a certain level of quality of life of the population;
- to make a transition from chaotic to orderly, purposeful development that would enable to effectively address socioeconomic issues of the day.

St. Petersburg governmental planning system is designed for performing the following tasks:

- to regulate the process of financial, spatial and organizational planning;
- to adopt a uniform approach to St. Petersburg development planning and forecasting built upon clearly coordinated and aligned system of strategic planning documents;
- to create a system of continuous development of effective managerial decisions at the level of St. Petersburg authorities.

St. Petersburg governmental planning system is aimed to solve following tasks:

- Effectiveness. It means that the governmental planning system provides for effective achievement of the goals for different areas of control (for example, the GRP growth and city budget doubling). It should be noted that the system considers not only cost-effectiveness, but also social efficiency issues.
- Manageability. It means that St. Petersburg authorities regularly exercise control action in the framework of the governmental planning system. In other words, the system captures the state functions of business regulation.
- Multiple choice and optimal decisions. It means that there are different development scenarios, and yet the governmental planning system allows choosing the best, optimal alternative.
- System-based and integrated character. It means that the governmental planning system covers all areas of city life, and that strategic planning documents consider a variety of factors affecting St. Petersburg development.

The planning activity covers the following issues: the measures taken by state authorities to achieve the established living standards; allocation of socially significant resources between different areas of planning activity according to the priorities of the city socioeconomic development; availability of socially significant resources and services for business community and the public.

The major outcome of the planning activities is the state authorities' public commitment to

providing the population with appropriate living conditions and quality of life complying with social standards.

### 5.2.1 The Concept of St. Petersburg Social and Economic Development

The key component of the St. Petersburg governmental planning documents system is a long-term concept of the city socioeconomic development. The document outlines the population's quality of life standards represented as macroeconomic measures and looks at the city development from the perspectives of scenario analysis and spatial planning.

The main purpose of the long-term (until 2025) Concept of St. Petersburg socioeconomic development is the achievement of European life standard.

With a view to achieve the strategic goal the Concept suggests initiatives regarding such aspects as:

- human potential development;
- urban environment development;
- ecological situation improvement;
- economic growth;
- enhancement of public administration efficiency; civil society development.

According to the common St. Petersburg practice, the Concept formulation involves three stages (see Fig. 5.11):

- strategic analysis, which includes identifying significant factors and carrying out SWOT analysis;
- development of scenario analysis;
- elaboration of the concept that would set out a valid vision for the future, state objectives and specify measures.

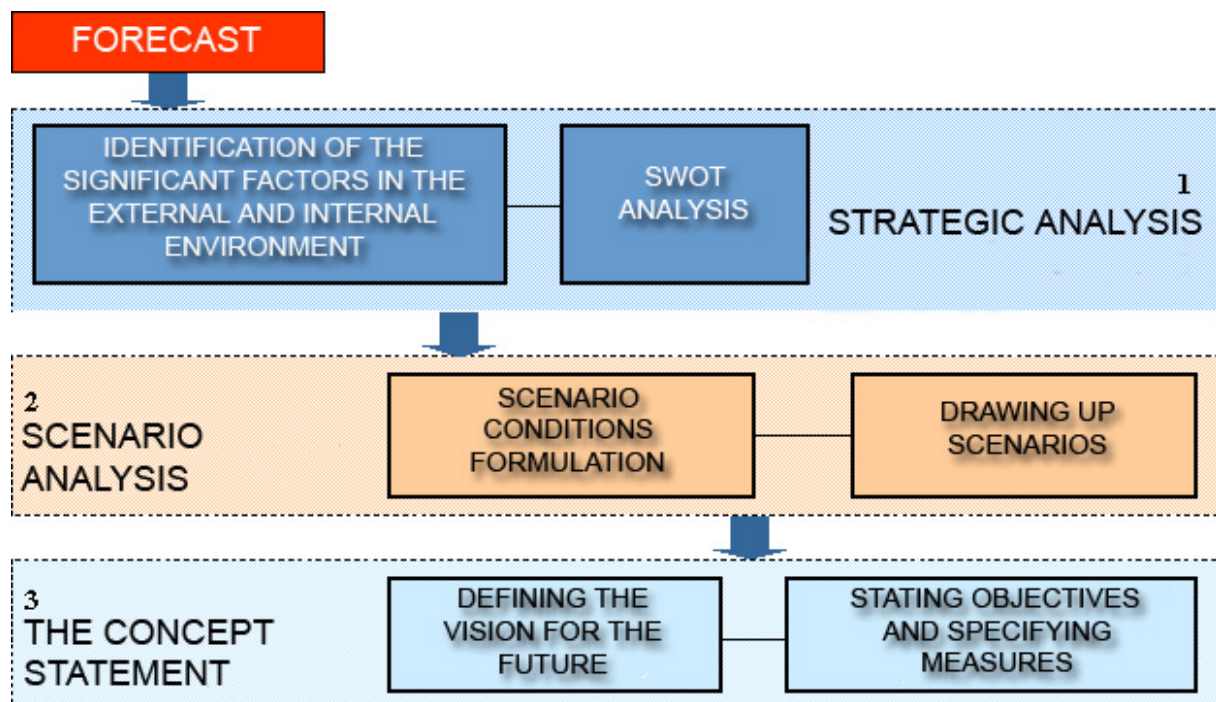


Fig. 5.11 Stages of the Concept development

The core of the Concept is St. Petersburg socioeconomic development forecast up to 2025. Key figures of the forecast are given in Table 5.2.

*Table 5.2 Basic figures of St. Petersburg socioeconomic development forecast up to 2025*

Indicators	Forecast up to 2025
	Optimistic estimation
Resident population by the beginning of the year, thousand people	4736
Life expectancy, years	73
Rate of birth, %	9.9
Natural increase (loss) rate, %	-3.9
Per capita GRP, thousand rubles	1440
Atmospheric pollution index, units	4.09
Average monthly wages per employee, USD	1980
Net annual migration, thousand people	35
The GRP average annual growth-rate, %	6-9
The contribution of services sector to the GRP, %	65
The volume of investments in fixed capital in 2025, bln. rub.	2133
The number of tourists to visit St. Petersburg in 2025, mln. people	8

The strategic analysis involved identifying external opportunities and threats, internal strengths and weaknesses, and considering strategies of St. Petersburg development for different combinations of external conditions and internal capabilities.

The strategic analysis of key opportunities and threats in the external environment, and key strengths and weaknesses in the internal environment of St. Petersburg showed that, given different combinations of external conditions and internal capabilities, the city is likely to develop according to three basic scenarios:

1. commercial and transport;
2. industrial;
3. innovation management.

#### **1. Commercial and transport scenario**

According to this scenario, St. Petersburg will develop mainly as the largest trade and transportation channel between Russia and the EU. Over 50% of all Russian export to the EU countries and more than 50% of the total European import to Russia will pass through St. Petersburg. The enterprises engaged in freight handling (sorting, packing, assembling) are likely to grow in number.

#### **2. Industrial scenario**

According to this scenario, St. Petersburg will become, first of all, a large industrial center. Shipbuilding yards; power engineering plants; focused manufacturing facilities for power machine building; and food industry - these will be the major sectors of the city economy. At the same time, service business (communications, consumer products trade, etc.) will be developing.

#### **3. Innovation management scenario**

According to this scenario, there will be launched a large-scale innovation encouragement program designed to turn St. Petersburg into a center for developing and introducing innovations of national and, potentially, universal importance. Corporate offices and headquarters located in the city will guide the production of Russian brand goods and manufacturing technologies in such industries as high-precision mechanics, optics, electronics, biotechnologies, pharmaceutical products and vaccines, software, household appliances, transport facilities, furniture, clothes, film and music, books. St. Petersburg, along with Moscow, will be home to management offices of Russian and foreign companies, which will enable to accumulate in the city considerable financial resources and to advance both communications and banking to a qualitatively new level.

### 5.2.2 The General Plan for St. Petersburg

The General plan developed in the framework of St. Petersburg governmental planning system is concerned with spatial development of the city and territorial dimension of the state policy.

The goal of St. Petersburg urban-planning development is to create favorable spatial environment that would be comfortable for the current residents and attractive for future citizens' activity and inhabitancy.

The urban-planning transformations suggested by the General plan concept are built upon the idea of “Open European City”. St. Petersburg should occupy a worthy place in the constellation of the largest European cities. A new version of the General plan for St. Petersburg is focused on **achieving European standards of urban environment quality**.

Urban-planning activities in St. Petersburg are aimed at:

- harnessing the city potential determined by its specific geopolitical location in the Baltic region, in the zone of interaction between Russia and the European Union, and hence - by its increasingly strong impact on home and international policy of Russia and the growing importance of St. Petersburg as sea and land communications nod;
- capitalizing on the great cultural, scientific and human resources potential of the city; on the high tourist rating resulting from the presence of historical and cultural values of national and universal significance;
- improving the quality of life and living conditions of the city population; environmental well-being.

St. Petersburg urban-planning regulation is guided by actual market demands. Urban-planning is designed to encourage investment activity and help create equal conditions for successful development of all urban management functions.

### 5.2.3 The Strategic Plan for St. Petersburg

In recent years, the executive government of the city implemented its activities on the basis of the Strategic plan for St. Petersburg development drawn up in 1997. However, the plan did not have a statutory validity. That was a sort of social compact. Although the forenamed plan can be considered generally accomplished, its main drawback consisted in separateness from actual political process. The governmental planning system currently implemented in St. Petersburg represents a package of state documents that have nothing to do with community work. These documents are developed, discussed and executed in conformity with the current legislation on St. Petersburg political structure. According to the legislation, the representative body of the city, i.e. the institution where plans are formulated and discussed, is the St. Petersburg Legislative Assembly; while the institution where these plans are partly developed and executed is the city Government and departmental bodies of the latter. Herein is the principal difference between the current and the former approaches to governmental planning.

The city Strategic plan rests upon key qualitative and measurable requirements contained in the Concept of St. Petersburg socioeconomic development. The Strategic plan includes a body of legal acts; a science-based system the megapolis socioeconomic development goals and initiatives to achieve them; key activities of executive authorities; register of the State responsibilities; the General plan for St. Petersburg (see Fig. 5.12).



*Fig. 5.12 Structure of St. Petersburg Strategic Plan*

#### 5.2.4 The Program of St. Petersburg Social and Economic Development

The city authorities have prepared the Program of St. Petersburg socioeconomic development for 2005-2008. The Program takes into account the basic principles of the long-term Concept of St. Petersburg socioeconomic development up to 2025, St. Petersburg Charter, the Governor's address to St. Petersburg Legislative Assembly of 9 June 2004 and 30 March 2005, and the normative documents regulating governmental planning procedures.

In pursuance of to the federal law of 20 July 1995 "On governmental forecasting and socioeconomic development programs of the Russian Federation", St. Petersburg Program was compounded with a forecast of socioeconomic development of the city for 2005-2008. The forecast designed to help governmental planning developed in two alternative versions in conformity with scenario conditions of socioeconomic development and key figures of the consolidated financial balance of the Russian Federation for 2006 and for the period up to 2008.

**The first - inertial scenario** suggests a general decline in Russian economy competitiveness and a depression of St. Petersburg investment climate; it does not involve any large-scale projects or strategies implementation.

**The second - innovation-intensive scenario** implies devising and implementing institutional transformations; formulating a favorable investment policy; encouraging innovation and high-tech sectors of economy; diversifying economic structure towards a greater role of services industries; providing upgrade and technical re-equipment of production facilities.

The second (innovation-intensive) alternative forecast was adopted for purposes of governmental planning.

As living standards become the core element of the interaction between the Program of St. Petersburg socioeconomic development, regional task programs and the city budget, problems arise with incorporating the standards into short-term planning documents. Therefore, in the nearest future there will be developed a concept of the standards usage by branch committees (primary managers of budgetary funds) during St. Petersburg budgeting. In addition, the methodic support of transition to result-based integrated management for public sector social and economic development and budgetary process will be provided.

### 5.2.5 The Long-Term Financial Plan

St. Petersburg long-term financial plan contains certain factors which are omitted in annual budget, but still have a considerable impact on both financial opportunities of the city (scope for investment activity) and its budgetary policy development and implementation (satisfying current needs of the population). This generates a need for medium-term financial planning and defines the purpose of the long-term financial plan in the city treasury system.

The St. Petersburg long-term financial plan should set out:

- medium-term tax strategy of the city government;
- long-term forecast of budget receipts and expenditures;
- the city's debt management policy.

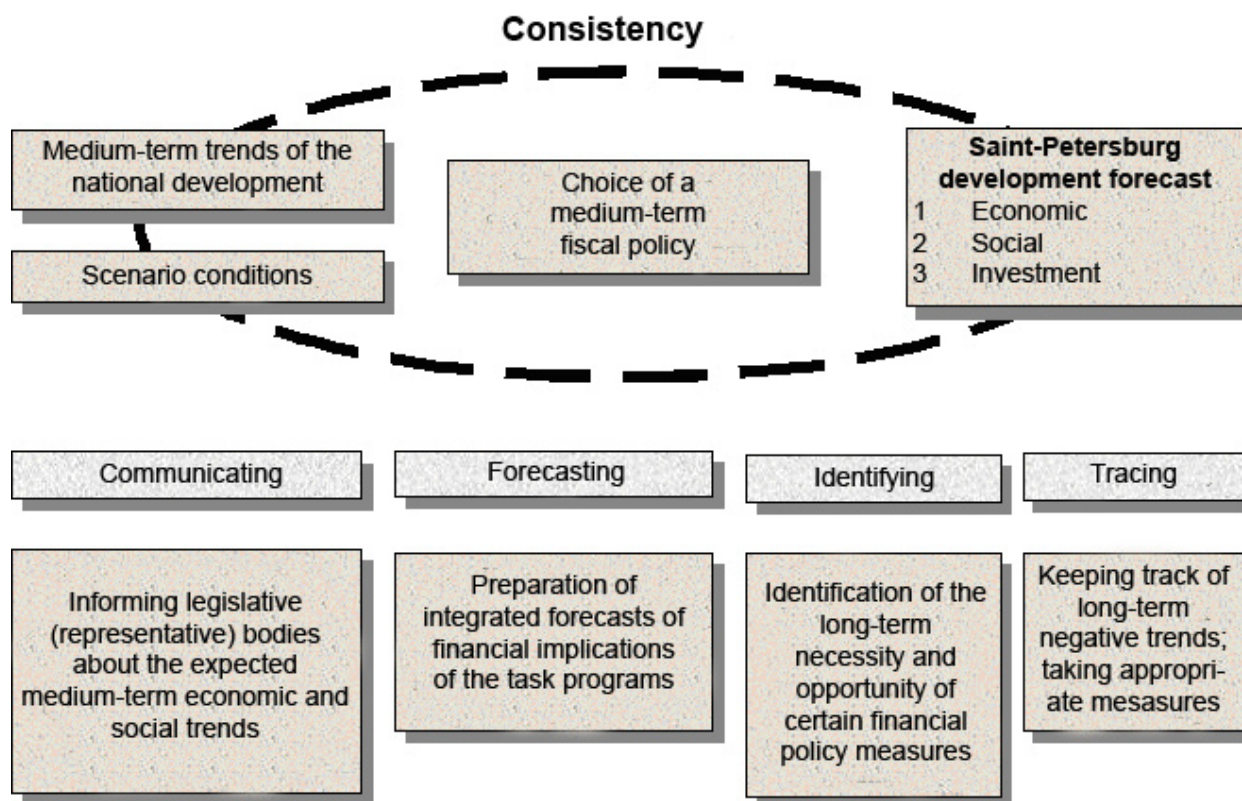
The long-term financial plan is used to prepare draft budget, to assess borrowing and investment opportunities, to conduct sensitivity analysis, to ensure fiscal policy continuity, to evaluate budget parameters, and to increase investors' business awareness.

The main goal of the St. Petersburg long-term financial plan is a turn to a medium-term fiscal policy that would ensure implementation of the Program of city socioeconomic development.

Main goals of the long-term financial plan (see Fig. 5.13):

1. to provide additional justification and information support for the city authorities' political priorities;
2. to inform legislative (representative) bodies about the expected medium-term economic and social trends;
3. to prepare integrated forecasts of financial implications of the regional and departmental task programs;
4. to identify the long-term necessity and opportunity of certain financial policy measures;
5. to establish and keep track of long-term negative trends; to take appropriate measures in due time;
6. to draw up long-term socioeconomic performance documents and make corrections according to the long-term financial plan;
7. to make a coherent transition from annually changing approaches to fiscal planning to continuity and stability of financial documentation procedures.





*Fig. 5.13 Main goals of the financial plan development*

The long-term financial plan serves as an early detection system for budgetary decisions inconsistent with medium-term financial policy of St. Petersburg. Such approach makes the budgetary process more transparent and opens up more opportunities for long- and medium term governmental planning programs and plans, than it would be possible under annual budget planning.

#### 5.2.6 The Annual Governor's Address to St. Petersburg Legislative Assembly

The annual Governor's address is a document appealing to the Legislative Assembly deputies, to members of governing bodies, scientific, cultural and business community, municipal authorities, and to the public. The address sets out goals and objectives of the St. Petersburg Government and outlines the city development priorities. As a rule, the address contains general and industry-specific review of the results achieved during the previous year, evaluates the progress made and point out unsolved problems. This analysis serves as a basis for St. Petersburg socioeconomic development priorities, as well as for general and industry-specific goals and objectives of the city Government.

The concluding part of the address usually sets tasks for improvement of the government executive system and also contains a message to the citizens who are called on to support initiatives and actions of the St. Petersburg Government.

The address for the next year is submitted by St. Petersburg Governor to Legislative Assembly and is delivered (in the written form) to mass media until 15 April 2007.

#### 5.2.7 St. Petersburg Budget

The budget of St. Petersburg is a form of raising and spending the funds meant for financial backing of the regional and municipal authorities' tasks and functions. The main purpose of the budget is to provide necessary financial assets for governmental plans and programs aimed at achieving established living standards in accordance with the city socioeconomic development Program, regional and departmental task programs, and current expenditure commitments.

Budgetary procedures, budget format and content, as well as other related issues by now are well-established and clearly regulated by the current federal and regional legislation.

The legal framework of the budgetary process in St. Petersburg consists of the Budget Code of the Russian Federation and other federal laws; St. Petersburg budget laws and other regional laws.