

An Investment Breakthrough for the Regions of the Far Eastern Federal District: What Next?

KEY CONCLUSIONS

The system of development institutes in the Far Eastern region makes a visible positive impact

“According to the results of the polls from last year, <...> three regions of the Far East were in the top five in terms of growth dynamics in all of the rating’s indicators: Sakhalin Region, Kamchatka Territory, Amur Region,” Svetlana Chupsheva, Chief Executive Officer, Agency for Strategic Initiatives.

PROBLEMS

High administrative pressure from regulators

“Undoubtedly, the negative factor is still the excessive administrative pressure on businesses from regulatory authorities. <...> In the first half of 2018, prosecutors in the district contested a total of 478 unlawful legal actions in this area. Nearly 2,000 violations were revealed in the activities of the regulators, and 26 inspections were ruled as illegal. <...> Out of 20,5 thousand inspections proposed by regulators for the consolidated plan, 3 thousand were rejected by prosecutors. <...> At the stage of approval of unscheduled inspections, prosecutors annually prevent up to 40% of illegal control measures,” Yury Gulyagin, Deputy Prosecutor General of the Russian Federation.

“There is pressure from the regulatory and supervisory authorities, <...> business community <...> considers that to be the major problem,” Oleg Kozhemyako, Governor of Sakhalin region.

“There are unscheduled inspections, and evaluation of businesses remains negative,” Roman Kopin, Governor of Chukotka Autonomous Area.

Weak communication links between businesses and authorities

“The most acute problem is lack of quality channels of communication between the business community and the authorities,” Aysen Nikolayev, Acting Head of the Republic of Sakha (Yakutia).

“We know of large companies that have been waiting for approval on their residency in the ASEZs, and eventually just left the region. In my opinion, this is unacceptable,” Svetlana Chupsheva, Chief Executive Officer, Agency for Strategic Initiatives.

"We do not fully understand the algorithm of increasing the awareness of small and medium-sized businesses of more than 900 measures that are in place," Andrei Sharonov, President, Moscow School of Management SKOLKOVO.

Weak control over illegal business

"We have perfectly learned to fight and learned to inspect legal businesses, but when it comes to illegal business in our country there are no <...> real mechanisms," Aysen Nikolayev, Acting Head of the Republic of Sakha (Yakutia).

SOLUTIONS

Developing a system of communication between authorities and businesses

"It is necessary to restart the communication channels between businesses and regulatory authorities, <...> to review the activity of public councils under regulatory authorities, <...> to enforce those councils with representatives of businesses," Vasily Orlov, Acting Governor of Amur Region.

"We have set the course for an open dialogue. <...> Now we are reviewing the investment council, there should be more entrepreneurs than public officials; together with the experts from the Agency for Strategic Initiatives, we have updated the information portal, <...> the section of electronic services for entrepreneurs is in the making," Andrei Tarasenko, Acting Governor of Primorye Territory.

Supporting business

"We pay great attention to large business, and we understand that if large businesses show up in the Far East, many small enterprises are going to be created around them," Alexander Kozlov, Minister for the Development of the Russian Far East.

"We focus on two areas basically. The first one is expanding access to procurements from large corporations for small and medium-sized businesses. <...> The second area is access to financial resources <...> Availability of financial resources requires a system. In each of the regions of the Far Eastern Federal District, the subsidiary of SME bank <...> created remote workplaces. People on those remote jobs research the market and find projects," Alexander Braverman, General Director and Chairman of the Board, Russian Small and Medium Business Corporation.

Transition from inspections to preventing violations

"Concluding my speech, I spoke about the need to concentrate on provisions related to preventing violations in control and regulation, but so far this work is not done by everyone," Yury Gulyagin, Deputy Prosecutor General of the Russian Federation.

"Indeed, many things can be prevented in order not to conduct <...> effort consuming inspections. <...> Today, the businesses are not very well informed on what can and what can't be done," Vladimir Ilyukhin, Governor of Kamchatka Territory.

Developing transport infrastructure

"If we talk about large investments, it is primarily the transport infrastructure: businesses will not go to places where they would be uncomfortable," Sergei Nosov, Governor of Magadan Region.

Developing the system of education and personnel retraining

"Out of the nine regions of the Far Eastern Federal District, only three regions are remarkable in terms of vocational training system: Sakhalin, Khabarovsk Territory, Yakutia. <...> Most of the educational institutions of the Far Eastern Federal District do not work with adults," Robert Urazov, Chief Executive Officer, Agency for the Development of Professional Communities and Skilled Workers (WorldSkills Russia).

Adjusting the regions rating system

"A number of indicators that are part of the rating system are related <...> to the region's solvency. <...> We need to identify the specific features of territories (such as the Jewish Autonomous Region - *Ed.*) and approaches that would allow us to compete on an equal footing," Alexander Levintal, Governor of the Jewish Autonomous Region.