Monocities: a long journey of transformation

Monocities Development Fund
and Moscow School of Management
SKOLKOVO

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joint programme

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Executive Summary

What are monocities

Monocities are small cities and town settlements built around a single plant, mine or enterprise during the era of planned economy in USSR. There is no work and no modern infrastructure, people in those cities have no work and opportunity if something goes wrong with a single enterprise.

The problem is huge for Russia – there is approximately 15 million living at the monocities now with little hope to change their lives.

The challenge – how could we transform monocities and give them a new hope

There is no fast and easy answer to the challenge. It is necessary not only to attract new investors and create jobs but often rebuild the cities themselves as their current infrastructure is not suited for businesses other than their core.

There were some government programs to change the situation before but most of them were not very successful. Even if there were enough funds, the monocities usually lacked team, skills and energy required for a problem as complex as changing the city.

SKOLKOVO approach to the solution of the problem

The Monocity Development Fund and SKOLKOVO Business school came up with a large complex education program for the Monocities.

The goal of the program was to create active and passionate teams in the monocities, so they could change the situation in the city with “grassroots initiatives” and use government assistance in a most effective way.

The ultimate goal was to bring investments, create jobs and change infrastructure – so it was not only about education, real projects were developed and implemented in the course of the programme.

The whole programme was a long journey – it took about 3 years with all pilots and preparations for all 319 cities to go through, but we see the huge impact: there is an active team in every monocity, the whole government program of assistance is getting to a new level, and there are more than 100 implemented projects (real enterprises, plants, infrastructure, parks and bridges) as a result of this programme.

We could change the attitude and real situation in some cities and now see that as a business school we can participate in changing the whole country.

The Challenge

Russia has many problems that nearly all stem from its past. One of the country's main problems is the issue of monocities and remote settlements in general.

Many cities were created during industrialisation and the development of natural resources in Siberia and the Far East, as the planned economy made it possible to simply relocate people and attract cheap labour force from rural areas without having to save resources.

The development of the socialist economy brought growth to these cities, but the collapse of the Soviet Union left many of them in trouble. Many industries were no longer needed, mineral deposits were being depleted, and many machine-building plants were unable to adapt to the new economic realities.

In the 25 years since the new economy began, most monocities have not managed to change in any significant way; life in those monocities mostly revolved around a single plant or enterprise, and many of the monocities were too far from sales markets to create any other kind of life for their residents. Changes happened slowly in the monocities where the main enterprises worked steadily, but people still chose to leave for larger cities. The worst situation, however, was in those small monocities where the main enterprise had closed down, gone bankrupt, or could not provide employment for some other reason. People had nowhere to work, so the youngest and the most employable tended to leave; but not everyone could leave, which is why such places turned into cities inhabited by the elderly and farmers.

319

monocities on the territory of Russia

14%

of Russia`s population lives in monocities

813 - 700,000

live in the smallest (Beringovskiy settlement) and the biggest (Togliatti) monocities, respectively

The problem of monocities reached its peak after the economic crisis of 2008, and particularly after the protests by aluminium plant workers in Pikalevo, when the financial crisis prompted many enterprises to lay off workers. In response, the Russian Government set up a working group and then the Monocities Development Fund under the auspices of one of the country's biggest banks, Vnesheconombank.

Mark Meerovich

Monocities specialist and historian

"Soviet monocities is a fully implemented project that has been embodied in buildings, in urban environment, and in a specific type of production, and has had a profound effect on people...

To try and reshape them into something fundamentally new would be almost impossible too, as it will be a task as monumental as their creation 100 years ago."

Dmitry Medvedev

Prime-minister
of Russia

"Monocities are our special concern. There is no work there. There are no prospects for business development. The monocities themselves are in a sad condition... Our priorities include: international cooperation and export promotion, the creation of highly-productive jobs, support for small business and individual entrepreneurs, dealing with road problems and support for monocities."

This group included ministries, unions, and public organisations, which visited different regions and helped to resolve specific problems through dialogue with the public and governors; however, it soon became clear that the roots of the problem went deeper and that it was necessary to focus on a comprehensive transformation of the situation in monocities.

The Commitment

Late in 2013, SKOLKOVO was contacted by Irina Makieva (Working Group for Monocities Modernisation of the Government Committee for Economic Development and Integration) to join forces in this project.

The main problem that the working group was trying to solve was how to get work moving in those monocities. The government allocated substantial funds to help support monocities, find investors, and develop projects. The main idea was for the monocity's local representatives to look for investments together with the Monocities Development Fund, while the government subsidised the construction of infrastructure and provided other support measures for potential investors.

However, despite substantial help, nothing was really happening; in small cities and urban settlements, there was neither investment nor real teams who could contribute to their city's development. In most cities, the mayor and the residents truly wanted to see changes, but those small city residents did not understand how big business worked or what exactly you were supposed to do to attract investment.

The main challenges were the need to develop the monocities and implement real projects.

From the outset, the client not only set educational tasks but also practical ones, and the government programme (that included the educational programme) was to be evaluated based on the following criteria:

the attraction of investment to monocities

the creation of new jobs

increased budget revenue in monocities

urban improvement and development

Such a transformation of monocities was a new undertaking both for the school and for the whole country, and in some way, for the whole world, as no country had carried out social experiments on the scale of the Soviet Union.

Another problem was the length of the project duration and the distance of its results, the project team has to work very hard without ever knowing for sure what results we will achieve in ten years.

Development and pilots

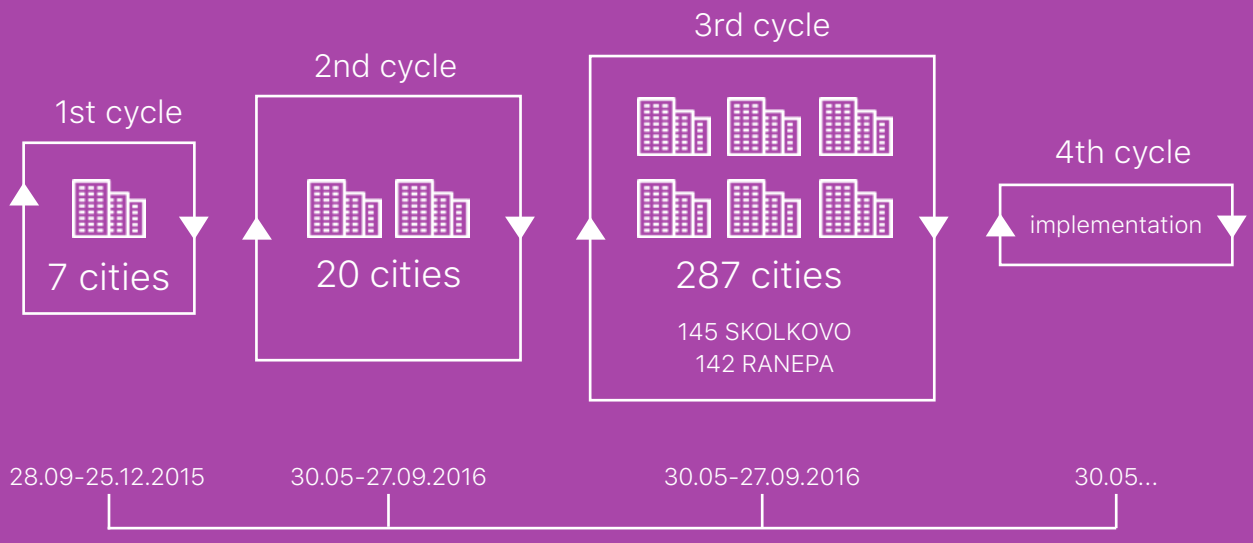
To fulfil the goals of the Monocities Development Fund, an individual educational programme was developed and implemented for seven monocities in 2015 that allowed us to identify the format and establish the main principles for working with monocities.

At the same time, as this was a new task, the school, together with representatives from the Monocities Development Fund, actively tweaked the programme's content, modified the group of experts, and included new themes.

Then in early 2016, a programme was carried out for 20 monocities, helping to specify the details and test the model's scalability. The decision to launch a fully-fledged programme for all monocities was only made after the success of those two preliminary pilot programmes.

The First Vice-Prime Minister decided that all 319 monocities should study, so that all cities would have the same conditions.

Programme cycles



Team Formation

The project team was formed as follows:

- head of the city;
- deputy head of the city;
- representative of a city-forming enterprise;
- representatives of local businesses or investors who can change life in the city;
- representatives of regional authorities.

All in all, this composition of the team ensured that it contained enough people who understood the specifics of work in the city, while also including representatives of businesses and regional authorities.

The L&D Initiative

Programme Creation

The programme proposed and developed was an on-site 25-day long educational programme held at the SKOLKOVO Campus where the participants did real work almost all the time.

Academically, it was built on the basis of SKOLKOVO's successful experience with corporate programmes: we used a combination of lectures, workshops, training sessions, analysis of economic and managerial case studies, team-building exercises, simulations, and a large amount of project work.

The programme included the following main modules:

Monocity strategy and positioning — the most important thing for the cities was to develop a unique proposition, as investors often simply do not know about the existence and competitive advantages of small cities

Work with federal support measures and government programmes — one of our goals was to teach the mayor's team how to get support from the government in a competent way

Urban environment management and working with communities — this was a very important part of the programme, as a city only becomes a city when it has active communities and public spaces. Our goal was to enliven the monocities

People management and change implementation — projects will remain on paper if the teams cannot engage people and work with all stakeholders

Based on these themes, we developed a programme that involved professors and a large number of urban development experts; the programme also included a specifically designed economic simulation, business games, and thematic discussions. For detailed outline of the programme, please see the Appendix A.

Programme Development Process

From the very beginning, SKOLKOVO identified a project team that grew larger as the programme developed. During the sales pitch and negotiations, the team consisted of the programme manager Irina, one part-time analyst, project work directors, who provided active helped.

Despite the fact that Russia has unique large-scale experience with monocities, we actively studied both Russian and international sources when developing the programme. We began our preparation by studying international materials, reports, academic articles, and opinion pieces on the topics.

For two to three months, alongside the development process, we were identifying the main themes, problems, focal points of global experience and experts in this area—both in Russia and abroad.

The Monocities Development Fund also provided SKOLKOVO significant help with the development process: we built relationships not just as a client and a contractor but also as good partners. Specialists from the Monocities Development Fund pointed us to a large number of experts, documents, and practices that helped us build the programme.

This preparatory work gave the school the opportunity to invite professors and experts on the topics later on and also greatly improved the quality of the resulting programme.

Irina Mironova

Programme Director

"This programme offers lots of opportunities for mayors and teams: professional knowledge, practical skills, communication with ministries, other mayors and colleagues."

Programme Features

One of the most important incentives to convince monocities to participate in the programme was the promise of a loan for city development on preferential terms, as well as various types of support and subsidies offered by the Monocities Development Fund.

Without the readiness to support monocities (including financially) and invest in projects, city development would remain just an educational plan without any actual results.

Programme Scale and Partnership

The programme became really large-scale: all 319 monocities were involved in the studies, with no more than 10 or 11 cities at one time to ensure that there was enough time, interactivity, and opportunities for discussions with professors and experts.

A separate issue was the provision of experts, as the programme had to be conducted several times and required the presence of high-level experts (including governors and federal government representatives), which, given their complicated schedules, turned out to be more difficult than inviting professors.

Given the scale of the programme, we chose to join with an educational partner, as SKOLKOVO alone would have had a hard time providing high-quality training for all the monocities. The Russian Presidential Academy of National Economy and Public Administration (RANEPA), the largest educational facility for public officials, became our programme partner.

The academy joined the programme after the development period and the two pilots, so they did not have much time to develop and revise the programme's content.

The collaboration was initially difficult However, thanks to many productive discussions, we managed to find common ground, agree on general work principles, and fulfil all our obligations to the client.

And although RANEPA and us had to spend quite some time getting to know each other and each other's styles, we did become real partners, and SKOLKOVO and RANEPA are now planning to continue developing joint programmes for the public sector.

Project Work Method

SKOLKOVO has developed and implemented a project work teaching method in several of its programmes that is based on collective discussion and the creation of projects by the participants involved in real project development.

Boris Ostrovsky

Director of project work

"SKOLKOVO again used this method for its monocity programme, but in this case the level of detail and responsibility was even higher—the projects were made for whole cities, and the committee judging the projects often included ministers and governors from various Russian regions."

Key SKOLKOVO Project Work Method Tools

Principles and tools of the project work method:

- Projects are done "by oneself and for oneself" — the implementation team is the same as the development team
- A certain way of organising communication
- Joint problem identification—special technology
- A certain way of organising the structure for goal setting
- Participants' personal responsibility for the results

The outcome:

- Project model
- Project implementation organisation and structure
- Each participant's role in this implementation

The main areas considered by the participants during the project work:

- Creation of a comprehensive plan for the development of investment projects that create jobs
- Creation of an infrastructure development plan for monocities
- Creation of a comprehensive urban development plan

The moderator who worked with the group monitored adherence to the methodology and ensured that missing materials were included in the group's project.

The moderators were not just formal facilitators: they actively engaged in group projects, often visited cities, studied the situation locally, and together with their teams, tried to find answers to the questions that arose.

Monitoring and Consulting

Unlike other programmes, this one did not end after the wrap-up session and project presentation.

Ilya Krivogov

CEO of the Monocity Development Fund

"Another 66 management teams have defended their projects today. We can see how team projects become more serious and ambitious with each new teaching phase. This indicates careful and concerted work by each member of the team. We hope that the teams will start applying the knowledge and experience they received during their training to their cities' development as soon as possible."

Andrei Sharonov

President of SKOLKOVO School of Management

"We should definitely think about knowledge and skill level of people and teams responsible for the transformation of the monocities. One of the most important ideas – we should finally perceive monocity as a place where you want to live and stay, not the staff locker room and a dormitory for the workers of the city plant."

Given the slow pace of changes in cities, we included a monitoring and reporting system for project implementation in the programme's architecture. This means that six and twelve months after the end of the programme, the teams have to compile a comprehensive report for SKOLKOVO and the Monocities Development Fund on what they managed or did not manage to do, and why.

This monitoring system allows us to evaluate results not only on paper, but in reality—on launched enterprises, constructed buildings, new parks and festivals, etc.

Igor Shuvalov

First deputy prime minister of Russia

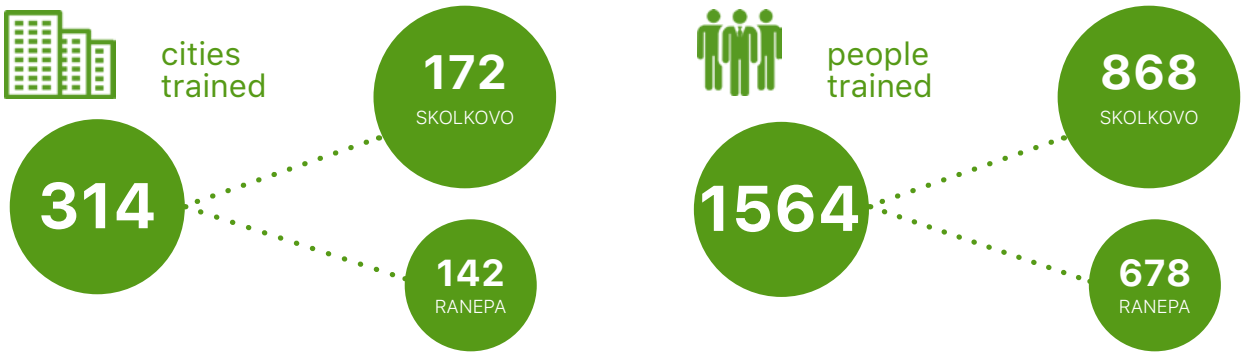
"We can [manage] everything that the country needs and are already organising the process from the bottom, from the platform of 319 [mono]cities."

The Impact

Impact on Participants

The impact on specific monocities is harder to assess than any other impact. When you try to change such a conservative system as a city, there are thousands of people involved, and it might take decades.

However even now we can see that the programme has already borne fruit due to its scope and the effort put into it.



Out of **868** people trained by SKOLKOVO:

291 mayors, heads of administrations and representatives of municipalities

425 representatives of businesses and town-forming enterprises

152 representatives of regional authorities and/or development institutions

The most noticeable and direct influence was on the programme's participants. SKOLKOVO always uses feedback forms for a quantitative assessment of the outcome and, in this programme, the outcome was exceptional.

More than 85% rated the programme high and were very satisfied with the course.

Besides formal feedback we can see immense changes in our participants' leadership qualities. We are proud to see how some of the participants embrace a proactive outlook, personal responsibility and involvement in the fate of their own city.

We consider it one of the programme's greatest achievements that some of the leaders are finally turning to a proactive outlook and are searching for ways to develop their cities.

Nikolay Verhovsky

Director of project work

"It might seem strange, but the mayors and the managing team have not always had their own opinions on the development of their cities. Most of the monocities were created in the Soviet Union under orders from above, so the sentiments of the people living in those cities were sacrificed in the name of economic or political expediency (the development of mines and plants). Over the years, the leaders have become used to following orders from the central authorities and not having their own vision and position regarding the development of their cities."

Of course, networking and social capital development are extremely important here. For managers, education is always more than just knowledge. Because they were brought together, hundreds of mayors, public officials and entrepreneurs got the chance to meet one another, exchange contact information, understand each other's situations and adopt best social practices.

In Russia, where there is a low level of trust in institutions and where people are used to trusting other people and actual decisions, this impact looks especially impressive: we can see new collaborative projects and a significant increase in activity for most participants, as people are ready to engage and implement new ideas.

Impact on Monocities

Jobs created

KPI 2017

85,000

Result 2017

165,000

KPI end of 2018

230,000

Result 1.01.2018

244,000

Attraction of Investments

KPI 2017

₽ 50 BLN

Result 2017

₽ 207 BLN

Urban Development

Monocities implemented development activities

KPI 1.03.2018

≥ 100

Result 25.01.2018

170

Projects were implemented in 319 monocities

KPI 1.03.2018

887

Result 25.01.2018

1,149

Creation of Priority Social and Economic Development Areas (PSEDA)

PSEDAs were set up in 36 monocities

KPI 2018	Result 25.01.2018
100	102

As of 1 December 2017

3,180
jobs created

₽ 50 BLN
in investment was attracted

Impact on the Government Authorities and the Decision-making System Itself

One of the most significant results was the change in the public administration system regarding monocities.

The tasks of the educational programme were institutionalised as federal programmes. The programme became part of the national project; KPIs were introduced at the level of Ministries, and it became part of the work of the Ministry of Economic Development.

In this way, SKOLKOVO and the Monocities Development Fund have helped to acknowledge and formalise a whole area of activity and, through their actions, have changed the decision-making system in the country.

We and our partners have come a long way from a small proactive group addressing specific problems to a giant state programme involving thousands of people with a planning horizon of more than ten years.

Impact on Specific Monocities

No problem can be solved at the level at which it emerged. The case of each monocity is unique and has been examined separately, but in general, the city needed external resources (both economic and organisational) to resolve their problems. Several change models were used for most monocities.

Making city development part of regional development (regional expansion)

One example of regional expansion is **SHEREGESH** in Kemerovo Oblast: the city problems have been included in the regional agenda with plans to actively develop the city resort. It is now considered essential to develop the resort city, whereas before they developed separately and could not come to an agreement.

Setting the agenda at a federal level (national expansion)

A good example of national expansion is **UST-KATAV**: the city with one of the largest tram-building plants in Russia has moved from the problems of selling trams to a comprehensive plan for public transport development together with the management of Roskosmos.

Global expansion

ZLATOUST has become a striking example of global expansion: the city started the sales process of encrusted weapons on international markets with the help of its French twin city; collaboration and communication with foreign cities also allowed it to study and develop technologies.

TASHTAGOL: a new bridge was built, completely transforming the city's economy and life; the bridge was thought up and the final decision was made during the programme. There are also some noticable examples of infrastructure and festivals.

OSINNIKI held a big cherry festival with an active involvement of local population. Thanks to such festivals, former mining cities are able to find their new identity as they develop tourism and local businesses.

KRASNOTURINSK opened its own "lovers' park" that has become a major attraction for local population.

SATKA launched a comprehensive urban development programme that has created new parks and public spaces.

Irina Makieva

Deputy president of Vneshekonombank

"In most cases the problems with investment projects in Monocities are because of low competences of the project implementation team or lack of dialogue between government officials and business people. Instead of working as a single mechanism everyone was following their own line... I suppose that by means of educational programme we have solved those problems and developed specific investment projects that will drive the regional economy to the new level."

The programme has resulted in new plants, technological parks, industrial parks and infrastructural objects and , we can already see positive changes in most of the cities that participated in the programme.

Programme Conclusions

The huge scope of the programme (150 monocities) has allowed SKOLKOVO to experiment with certain elements of its method and to change some things in methodology. We identified effective methods of communicating with the teams and could test what was or was not working using a very expansive statistical sample.

The experience of launching and conducting such a large-scale programme took our business school to a whole new level. Now we see that nothing is impossible, and if you put enough effort into it, you can implement major programmes that will influence cities and the whole country.

Most of those who worked on this programme were able to grow as professionals and are ready for new ambitious tasks.

Of course, a single educational programme cannot solve tasks of such scale, but we believe that in several decades the cities and the country will change, and we will be proud of our personal contribution to it.

Appendix A: Content of educational programme

MODULE 1. Contexts of Russian Monocities Development	**MODULE 2.** Barriers and Requirements for the Monocities Development Strategy	**MODULE 3.** Investment Attraction and Entrepreneurship Advancement in a Monocity	**MODULE 4.** Government Programmes and Tools to Support Monocities	**MODULE 5.** Creating Conditions for the Implementation of New Monocities Development Projects
The origins of Soviet monocities, their design and organisational principles	Metropolitan agglomerations, development of small cities	Combating desolation; possible ways of developing industrial cities	Tools for developing a city through the creation of local communities	City development based on local resources (environment, ecology, and communities)
Analysis of the situation in Russian monocities	Workshop on the basics of project management	Ways to receive funds under the existing federal target programmes	Workshop on leadership in the implementation of change projects	Workshop on implementation of projects planning and monitoring system
Barriers and opportunities for Russian monocities development	Global experience of development of other industries in monocities	Workshop on the preparation of effective presentations	Workshop on effective negotiations and interaction with stakeholders	Building a networking system for government, enterprise, business, and local community
Cities of the future: things to pay attention to and things to pursue	Model solutions for monocities challenges and implementation scenarios	Mechanisms to support small and medium-sized businesses; federal policy on the development of small and medium-sized enterprises	Encouragement and support of Russian industrial sites	Developing urban infrastructure and small and medium-sized businesses
Macroeconomic forecast, impact of an economic situation on the condition of Russian monocities	Interaction between business and regional authorities on the implementation of PPP projects	National rating of the investment climate in the constituent entities of the Russian Federation, investment attraction	Mechanisms of support and their examples. Regional development programmes. Government programmes coordination	Social and corporate responsibility. Creating communities. Municipal public partnership
Success development strategies	Examples of a successful region/city development strategy		Potential for applying public-private partnership mechanisms to develop public infrastructure	Final defence of projects
Territory strategic management simulation	Economic development and investment appeal enhancement in a region/city			