

ACTIVITY 3. ASSESSMENT OF SPATIAL DEVELOPMENT IN PILOT TERRITORIES

KOSTOMUKSHA CITY AND KALEVALA MUNICIPAL DISTRICT

**Compiled by the Karelian Research Center
of the Russian Academy of Sciences**

Report for WP 1. Spatial planning of remote regions

INTRODUCTION

This is an English summary of four reports dealing with the spatial development in Kostomuksha City and Kalevala Municipal District, which are located in northern parts of the Republic of Karelia. These reports have been compiled as part of “Green cities and settlements” (GREENSETTLE) project, which has been financed by Karelia ENPI CBC programme. The research has been done by specialists of the Karelian Research Center of the Russian Academy of Sciences. The original reports in Russian are available at project’s Russian website at <http://greensettle.krc.karelia.ru/section.php?id=9>

1. ASSESSMENT OF THE EFFICIENCY OF UTILIZATION OF THE SPATIAL POTENTIAL, AND FEATURES OF THE SPATIAL DEVELOPMENT OF NORTHERN REGIONS OF RUSSIA AND THE PROJECT PILOT AREAS

Findings:

- 1) Pilot areas vary significantly in the scope of utilization of the spatial potential and the level of spatial development. *Kostomuksha City* is in fact a classic example of a “hub”-type district, with a well-developed “core” and idle periphery. The traits and linkages that shape the district decline from the “core” towards the periphery. *Kalevala Municipal District* is a depressed district, even with “pioneer” economy areas within it.
- 2) Pilot areas vary in the type of spatial arrangement. *Kostomuksha City* is of the industrial-transit type. *Kalevala Municipal District* is of the traditional-resource type. Therefore, different strategies and tools need to be worked out and employed in their spatial development.
- 3) *Kostomuksha City* possesses substantial potential for connections with other municipalities, high complex-forming significance, and possibilities to promote intersectoral technological links with enterprises from neighbour districts to potentially establish a local intersectoral production cluster (backed up by the possibility to perform transit functions). At the same time, these advantages go along with explicit single-sector specialization. Hence, the spatial development strategy should combine tools to encourage links between municipalities and sectors with diversification instruments.
- 4) *Kalevala Municipal District* clearly specializes in resource utilization, and the spatial arrangement of the economy and settlement agrees with this specialization (the latter also based on the traditional settlement type). The spatial development strategy for the district should combine means of abandoning the resource-centered model by changing the specialization with means to concentrate processing industries utilizing local resources within the district (i.e. concentrations of value-added chain components).

2. SWOT ANALYSIS OF THE SPATIAL POTENTIAL OF PILOT AREAS (KOSTOMUKSHA CITY AND KALEVALA MUNICIPAL DISTRICT)

The identified strengths suggest that the future spatial development of the territories in question should be connected with economic utilization of idle land (first of all, the land of settlements either rapidly losing the population or already abandoned). Utilization of the land

and revival of abandoned settlements would be further stimulated by the following factors: 1) geographical advantages (transit position) – it can be utilized to develop new kinds and spheres of economic activity and generate new sources of income; 2) considerable hydropower potential of small rivers – it can secure viability and self-supply of the settlements, generate the possibilities to develop economic activities.

The identified opportunities are in alliance with the named strengths (reinforce them), and enable elaboration of tools to counteract weaknesses. Thus, tourism development should be viewed as a priority in the development of the pilot areas (especially as an instrument to support the vitality of vanishing communities). Design and implementation of technological solutions and projects that enable independent operation of production and communal facilities would considerably reduce the costs of maintaining the infrastructure, help commercialize idle land, and suggest new models to utilize the spatial potential of the pilot areas. By employing the hydropower potential of small rivers one can generate the conditions needed for production, tourism, living and other facilities to be established, thus securing efficient utilization of the spatial potential.

A promising comprehensive solution for the issue of inefficient utilization of the spatial potential of the pilot areas could be projects to establish eco- and ethno-communities in abandoned or vanishing settlements. Their implementation would revitalize the settlements, attract new residents, and enable tryout of the technological solutions that promote the energy efficiency, self-dependence and environmental friendliness of public, housing, production and tourism facilities.

The greatest weakness identified is the low and inefficient utilization of the spatial potential of the pilot areas (the result of both historical circumstances – such as restricted economic activities in the frontier zone, and of current trends – such as out-migration). Legal issues (e.g., land use restrictions in forest and waterside protection land, in the frontier zone) aggravate the problem.

Among the greatest threats one should name the risk that more restrictions will be imposed on economic activities if the national border control zone is extended (likely to tell very badly on further development of cross-border trade and economic utilization of the territories adjoining the frontier zone), as well as the threat that out-migration will intensify, the land will grow depopulated, and settlements will vanish. To neutralize this threat comprehensive projects to establish eco- and ethno-communities in abandoned or vanishing settlements (as mentioned above) should be prepared and implemented.

3. ASSESSMENT OF THE CURRENT SETTLEMENT SYSTEM IN THE PILOT AREAS

The factors that hinder the development of the settlement system in *Kostomuksha City and restrict utilization of its spatial potential are:*

- legislative limitations on the city expansion and land use within its limits where land belongs to the forest fund category. Altogether, over 60% of the city territory is in the

forest land category, and nearly a half of that is first-group forests, where economic activities are considerably limited by law;

- predominantly centralized housing and public utilities (first of all, power and heat supply), so that expansion and development of the city and satellite communities are limited;
- difficult access to some remote parts of the territory (due also to topographic complexity, great number of waterbodies and wetlands, presence of protected areas);
- frontier regimen that imposes restrictions on land and resource use in the 60-km strip of land along the Russian-Finnish border.

The factors that hinder the development of the settlement system in *Kalevala Municipal District* and restrict utilization of its spatial potential are:

- poor socio-economic situation in the district, which causes out-migration and urges more people to move to the district centre;
- “shrinking” of the production and economic potential of the district (first of all, bankruptcy and shutting down of the forest sectors leaders);
- poor development of the transport infrastructure and poor access to remote parts of the district (due also to topographic complexity, great number of waterbodies and wetlands);
- great number of settlements fully dependent on raw material use – forest villages where the community-forming enterprise had been shut down and no employment opportunities are available;
- hindrances related to poor development and inefficient operation of public utilities and the energy infrastructure, no extra power capacity available to launch new industrial investment projects in the territory;
- legislative limitations on the use of forest land – 70% of the district territory is in the forest land category, and nearly a half of that is first-group forests, where economic activities are considerably limited by law;
- frontier regimen that imposes restrictions on land and resource use in the 60-km strip of land along the Russian-Finnish border.

In view of the characteristics of the settlement system in the pilot areas and taking the above mentioned factors hindering the development into account, measures are needed in order to utilize efficiently the spatial potential of the areas. The priority tasks in this sphere are:

First, assessment of the resource potential of the areas suggests projects for its comprehensive utilization (including investment projects in the production and social spheres, in tourism).

Second, design and delivery of technological solutions that enable self-dependent functioning of remote public, production and housing facilities (including forest villages).

Third, working out of proposals to “root” and attract manpower (especially youth) to the pilot areas.

5. ASSESSMENT OF THE DEMOGRAPHIC SITUATION AND MANPOWER AVAILABILITY IN THE PILOT AREAS

Findings: Analysis of the demographic situation has demonstrated that the pilot areas differ significantly one from another as regards both the current situation and the development potential of the settlement system.

Kostomuksha City will be developing expansion of the residential area in the nearest future, including construction of private houses. The reason for that is the relatively young age structure and natural growth of the population. The municipality has approved and is implementing the long-term ad hoc programme “Residential Development in the City of Kostomuksha until year 2020”. It foresees that at least 300 construction sites will be allocated and at least 700 families will improve their living conditions over the programme action period.

Development of the settlement system in Kalevala District will be constrained by bad demographic trends. The only way for the system to survive over the coming period in its current form is to make the territory more recreation-oriented and introduce seasonal shift work arrangements. As of now, there are no grounds for population growth or its maintenance at the current level. In the long term, the demographic situation may improve only if the territory is made more attractive to residents and investors.