

MTMSD 2022**I International Conference «Modern Trends in Governance and Sustainable Development of Socio-economic Systems: from Regional Development to Global Economic Growth»****DEVELOPMENT OF A CONCEPTUAL MODEL OF SOCIO-ECONOMIC DEVELOPMENT OF THE CHECHEN REPUBLIC**

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Abstract

Within the framework of this study, the greatest attention will be paid to the problems and prospects of the socio-economic development of the Chechen Republic. The specificity of this region is determined by a unique combination of favorable geographical factors (good climate, vast agricultural land, significant mineral reserves, hydropower resources, huge recreational potential) and an extremely low level of socio-economic development. Indeed, in terms of GRP per capita, the Chechen Republic occupies one of the last places in Russia. At the present stage, the main task of the administrative system of the region is to develop a conceptual model of socio-economic development and ensure the welfare of the population. The study on the socio-economic development of the Chechen Republic will be of interest to researchers, policymakers, and practitioners involved in regional development, economic growth, and social welfare, who are interested in understanding the problems and prospects of the socio-economic development of the Chechen Republic.

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1. Introduction

The development of a conceptual model of the socio-economic development of the Chechen Republic should begin with an analysis of the status of the region itself and its place among other subjects of the Russian Federation. The Chechen Republic (CR) is a constituent entity of the Russian Federation located in the south of the country on the territory of the North Caucasus Federal District. Key socio-economic indicators of the Chechen Republic are shown in Figure 1.

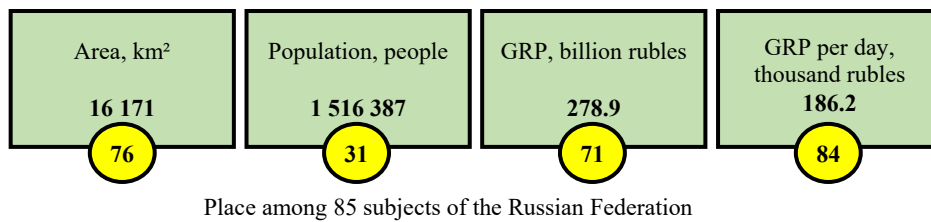


Figure 1. Socio-economic indicators of the Chechen Republic

The main types of economic activity in the Chechen Republic are trade, construction, agriculture and services (Bekmurzayeva & Kocherbayeva, 2022). The weak development of industry determines the high level of unemployment and the subsidized nature of the region (Badmaev, 2020).

Of particular interest is the study of the socio-economic development of the territory using authoritative Russian ratings, for example, the investment attractiveness rating compiled by the Expert RA rating agency (Idigova et al., 2019; Misakov et al., 2017). The specified rating is compiled only for 2020, the 2021 version is under development. According to this rating, the Chechen Republic has little potential - high risk (3C2).

The ranks of the components of the investment potential of the Chechen Republic according to the data for 2020 - 2021 are presented in Table 1.

Table 1. Dynamics of investment potential rating Chechen Republic according to "Expert RA" in 2019-2020

Index	2019	2020	Increase (+) / Decrease (-)
Potential Rank	64	62	+2
Share in the all-Russian potential (%)	0.485	0.504	+0.019
Labor	59	51	+8
Consumer	48	49	-one
Industrial	75	74	+1
Financial	56	56	0
institutional	78	76	+2
Innovative	67	68	-one
infrastructure	26	24	+2
natural resource	74	74	0
Tourist	81	81	0

2. Problem Statement

The Chechen Republic, despite having favourable geographical factors such as good climate, vast agricultural land, significant mineral reserves, hydropower resources, and huge recreational potential, has an extremely low level of socio-economic development. The region occupies one of the last places in Russia in terms of GRP per capita. The administrative system of the region needs to develop a conceptual model of socio-economic development and ensure the welfare of the population. There is a need to understand the problems and prospects of the socio-economic development of the Chechen Republic to improve the lives of its citizens.

3. Research Questions

This article raises a number of important issues that need to be addressed:

- i. What are the major challenges faced by the Chechen Republic in achieving socio-economic development?
- ii. How can the Chechen Republic leverage its favorable geographical factors to achieve economic growth and social welfare?
- iii. What are the prospects for the socio-economic development of the Chechen Republic, and what policies or strategies could be implemented to achieve them?

4. Purpose of the Study

The purpose of this study is to gain a comprehensive understanding of the problems and prospects of the socio-economic development of the Chechen Republic. It aims to identify the major challenges faced by the region in achieving economic growth and social welfare, explore ways to leverage the favorable geographical factors for development, and propose policies or strategies that could be implemented to promote socio-economic development. The study intends to provide insights for researchers, policymakers, and practitioners involved in regional development, economic growth, and social welfare, as well as contribute to the overall understanding of the complexities of development in the Chechen Republic.

5. Research Methods

Thus, according to the rank of investment potential, the Chechen Republic is at 62 among other 85 subjects of the Russian Federation. At the same time, the share of the studied region in the all-Russian potential increased over the past year by 0.019%. At the lowest level is the tourism potential (81st place in the ranking), significant problems are also observed in terms of institutional capacity (76th place), natural resource potential (74th place) and production potential (74th place). The infrastructure potential has the greatest development in the Chechen Republic (26th place in the rating). In general, the investment attractiveness of the region is improving.

The ranks of the investment risk components of the region according to the data for 2019-2020 are presented in Table 2.

Table 2. Dynamics of the rating of investment risks of the Chechen Republic according to "Expert RA" in 2019-2020 (RAEX, 2020)

Index	2019	2020	Increase (+) / Decrease (-)
Risk Rank	82	82	0
Average weighted risk index (%)	0.440	0.474	+0.034
Social	79	77	+2
Economic	66	57	+9
Financial	84	85	-one
Criminal	78	79	-one
Ecological	twenty	21	-one
managerial	65	76	-eleven

So, the greatest danger for potential investors is financial, criminal, social and managerial risks, while environmental risks are small compared to other regions (Podkolzina et al., 2021). Thus, given the insignificant investment potential of the Chechen Republic, investment risks in this region are unreasonably high, which indicates a low level of socio-economic development of the territory (Electronic sinking fund and regulatory and technical information, 2022).

It is possible to consider the place of the Czech Republic among other Russian regions according to the rating of the RIA Rating agency (Table 3).

Table 3. Place of the Chechen Republic in the ranking of the socio-economic situation according to "RIA Rating" in 2019-2021 (RIA Rating, 2021)

Index	2019	2020	2021	Increase (+) / Decrease (-)
Integral rating, points	28.373	27.855	29.467	+1.612
Place among the subjects of the Russian Federation	68	63	69	-6

Thus, according to the rating of the socio-economic situation, the Chechen Republic is among the worst regions of the country, competing with such subjects of the Russian Federation as the Pskov region, the Magadan region and the Republic of Mari El. In 2021, Chechnya has shifted from 63rd to 69th place in terms of socio-economic development, however, the integral rating of the region shows an improvement trend.

You can also analyze the place of the CR in the Rating of innovative development of subjects of the Russian Federation, developed by the Higher School of Economics.

Table 4. Dynamics of innovative development of the Czech Republic according to the HSE (HSE Statistical Collections, 2021)

Index	2019	2020	Increase (+) / Decrease (-)
Integral rating, points	24.692	26.013	-1.321
Place among the subjects of the Russian Federation	70	72	-2

6. Findings

In general, according to the results of the study, it can be concluded that in terms of the level of socio-economic development, the Chechen Republic lags far behind most regions of Russia, although its status is gradually increasing, but external factors, subsidies from the federal budget, have the greatest influence on this process. This allows us to draw a conclusion about the low efficiency of managing the socio-economic development of the Chechen Republic.

The socio-economic development of the Chechen Republic should be carried out within the framework of a single strategic model, according to which the region under study should appear as an actively developing subject of the Russian Federation with high economic growth rates, dynamic development of infrastructure and improvement in the quality of life of the population (Fomichev, 2019; Knight, 2019; Stupakov & Tokarenko, 2019). The conceptual model of the socio-economic development of Chechnya can be presented in a schematic form (Figure 2).

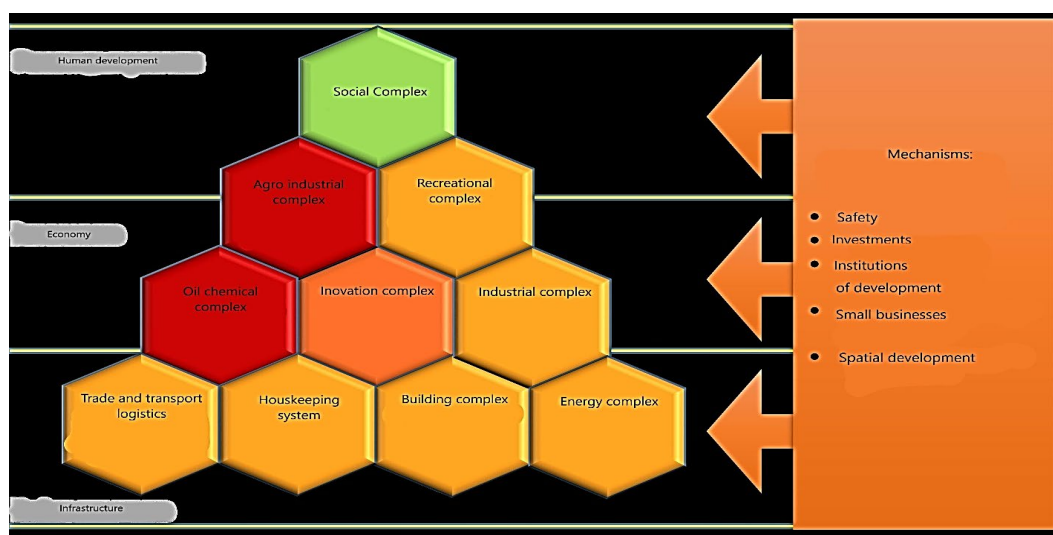


Figure 2. Conceptual model of socio-economic development Chechen Republic

So, within the framework of the presented model, the development of the petrochemical and agro-industrial complex is recognized as the most significant direction of the socio-economic development of the Chechen Republic.

The accelerated development of the agro-industry should be based on the introduction of advanced agricultural technologies, including the automation of production processes, the formation of closed ecological systems, drip irrigation, precision farming, and others. The introduction of innovations in the agricultural sector will make it possible to ensure the transition from growing predominantly fodder crops to developed vegetable growing (Lebedeva, 2020). A high-precision agrochemical survey of the territories will ensure the fullest use of the agricultural potential of the region.

Of fundamental importance is the creation of modern industrialized farms for year-round keeping of animals and the transition to a closed production of meat products in order to transform traditional cattle breeding into a competitive, highly profitable and environmentally friendly food industry. It is also planned to develop other sub-sectors of the food sector, which have a high share of value added and are

able to ensure the food security of the region. In particular, it is expedient to increase the capacity of the canning industry using the latest technologies for the preparation and processing of food products.

Particular attention should be paid to the promotion of small agricultural projects - individual farms and cooperatives, focused on the production of environmentally friendly agricultural products. Such economic entities not only contribute to the increase in the GRP of the Chechen Republic, but also provide a reduction in unemployment and a solution to the social problems of the region.

The Chechen Republic is the oldest region of the oil and petrochemical industry, however, at present, hydrocarbon deposits have been depleted by 90%. At the same time, oil reserves at depths of more than 6000 meters have not yet been fully explored, which necessitates the organization of geological exploration in the main oil and gas bearing areas. For the successful development of existing reserves, the region must overcome technological backwardness and provide a complete replacement of worn-out equipment.

The raw material orientation of the oil industry in Chechnya should be gradually overcome through the launch of innovative petrochemical plants that provide deep processing of hydrocarbons (Malykhina, 2020). At the same time, mainly high value-added oil products should be exported outside the Chechen Republic, which will ensure the inflow of financial resources into the region (Vorontsova et al., 2019). The solution to this problem should be provided by large oil-producing corporations using vertical integration mechanisms to form a full cycle of high-tech products.

The activation of the regional economy is impossible without the revival of the integrated development of industry: it should be based on mechanical engineering and instrumentation, which meets the needs of the fuel and energy complex. Of great importance is the support of innovative small businesses specializing in the creation of individual parts and devices (Shardan et al., 2020). The republic should also form an efficient logistics system that meets the current needs of the economy.

The extensive river system and canyon-like topography of the Chechen Republic are extremely favorable for hydro construction, but at the moment there is only one hydroelectric plant in operation in the region. As part of the development of the energy complex of the republic, it is proposed to actively develop a system of small hydropower plants, as well as the use of alternative power generation based on geothermal waters, solar and wind energy.

7. Conclusion

The development of the construction complex should follow the path of combining traditional and latest construction technologies, as well as the production of building materials in accordance with ISO standards. The housing and communal services complex should focus on providing competitive services to the population through the use of modern resource-saving technologies and the transition to a public-private partnership model.

Large-scale recreational resources of the Chechen Republic provide significant potential for tourism development. This sector of the economy is characterized by high profitability and attractiveness for individual and corporate entrepreneurship. The formation of a tourist complex presupposes the active development of the corresponding infrastructure and the promotion of Chechnya as an attractive and safe region.

The sustainable development of the CR seems impossible without the active development of the social complex, which includes public administration, education, healthcare and the provision of various social services. In the region under study, the social protection of large families, unemployed citizens and people in a difficult life situation is of particular importance.

Based on the study, the conceptual model of the socio-economic development of the Chechen Republic can be specified as follows (Figure 3).

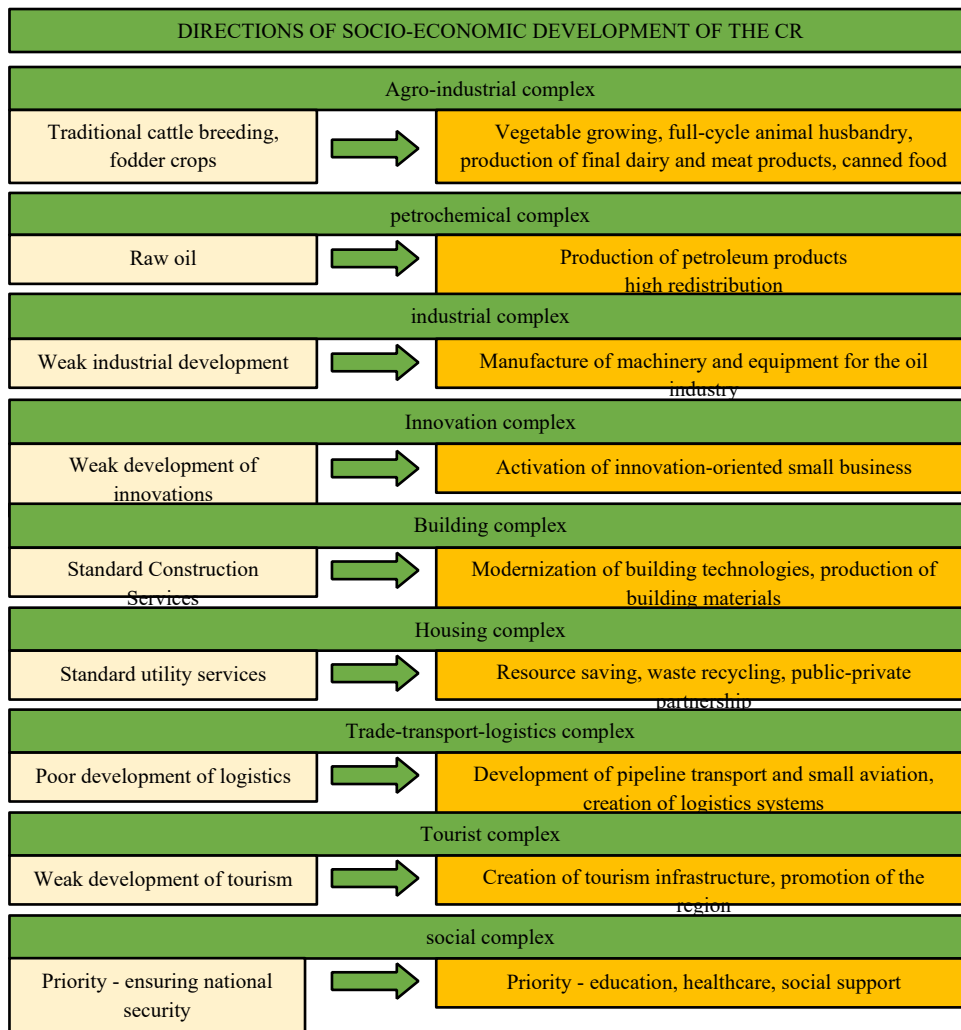


Figure 3. Directions of socio-economic development of the Chechen Republic

The tools for the socio-economic development of the Chechen Republic should be ensuring security in the region, state and municipal support for small business, intensive development of infrastructure, building up intellectual, cultural and spiritual potential. Ensuring the sustainable development of the republic is impossible without the greening of industrial production, the rational use, conservation and restoration of natural potential, and the widespread involvement of the population in the decision-making process on municipal issues.

Following the presented conceptual model will contribute to the activation of socio-economic development, improvement of the welfare of the population and raising the status of the Chechen Republic among other Russian regions.

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