



Formation of a regional economic development strategy in modern conditions: Challenges and prospects

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Abstract

The growing independence of the Russian regions, vesting them with a wide range of powers on various issues determines the relevance of the study of regional economic systems. Like the world economy, the regional economy is currently undergoing transformation of some aspects due to global technological and geopolitical changes.

The purpose of the study is to analyse and summarise the current approaches to the formation and implementation of regional economic policy by the authorities of the Russian regions, to assess the current challenges and prospects for further improvement of regional economic policy. Within the scope of the work the modern tools of regional economic policy implementation are characterised, the methods of combating actual challenges, including economic sanctions, are considered on specific examples, the sample analysis of the main economic indicators of the regions of different federal districts is carried out, the conclusion about the stable position of the economies of the Russian regions is made, the assessment of the subsequent prospects for the improvement of regional economic policy is given, the problems for further research are proposed.

The results and conclusions obtained in the work can be applied in the practical implementation of measures for the formation and implementation of regional economic policy. The results of the work are original and are based on the most relevant theoretical approaches, practical developments and statistical data, therefore they have high scientific and practical significance.

Keywords: regional economy, regional economic policy, regional governance, regional development, economic security, strategic planning

For citation:

Kurchenkov V.V., Lavlinskoy S.A. (2025). Formation of a regional economic development strategy in modern conditions: Challenges and prospects. *Strategic Decisions and Risk Management*, 16(2): 134–143. DOI: 10.17747/2618-947X-2025-2-134-143. (In Russ.)

现代条件下区域经济发展战略的形成：挑战与前景

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简介

俄罗斯各地区日益独立，在各种问题上拥有广泛的权力，这决定了研究地区经济体系具有现实意义。与世界经济一样，由于全球技术和地缘政治的变化，地区经济的某些方面也正在发生变化。

本研究旨在分析和总结俄罗斯联邦各主体当局目前制定和实施地区经济政策的方法，评估当前面临的挑战和进一步完善地区经济政策的前景。

在工作框架内，介绍了实施地区经济政策的现代工具的特点，根据具体实例考虑了应对当前挑战（包括经济制裁）的方法，对不同联邦区各地区的主要经济指标进行了抽样分析，对俄罗斯联邦各主体经济的稳定状况做出了结论，对改进地区经济政策的后续前景进行了评估，并提出了进一步研究的问题。

工作中获得的成果和结论可应用于制定和实施地区经济政策措施的实际执行中。工作成果具有独创性，以最相关的理论方法、实践发展和统计数据为基础，因此具有很高的科学和实践意义。

关键词：区域经济、区域治理、区域发展、经济安全、战略规划

供引用：

Kurchenkov V.V., Lavlinskoy S.A. (2025). 现代条件下区域经济发展战略的形成：挑战与前景。 *战略决策和风险管理*, 16(2): 134–143. DOI: 10.17747/2618-947X-2025-2-134-143. (俄文)

Introduction

The growth of regional autonomy is associated with the spread of the principle of subsidiarity. This principle states that, where possible, problems or tasks should be solved at a local level. As a result, a number of powers have been delegated from the federal government to regional governments, including in economic policy.

Modern regional economic policy is formed under the influence of several multi-directional factors at once: economic turbulence, geopolitical changes, changes in the system of inter-budgetary relations, as well as increasing socio-economic and infrastructural differentiation between regions.

Through regional policy measures, the state solves various regional problems, such as high levels of socio-economic differentiation, a shortage of certain resources and the depressed state of individual regions. Economic policy comes to the rescue when there is a need to stimulate economic processes through limited government intervention. Modern economic policy is characterised by the use of more flexible, regulatory instruments to develop the internal potential of regions, taking into account their unique characteristics compared to Soviet times, when economic policy often involved crude interventionism [Limonov, 2025].

The research methods used included a systems approach, synthesis, classification, statistical analysis, and other general scientific methods of cognition. Current regulatory documents on the topic were also studied.

1. Current methods of implementing regional economic strategy

The formation and implementation of regional economic policy presupposes active use of various tools and mechanisms based on strategic priorities for

regional development. Instruments of state economic development regulation are usually divided into direct and indirect in scientific literature; this classification is also suitable for methods used in regional economic policies (Table 1).

In this case, it is necessary to distinguish between the regional economic policy pursued by federal authorities and their territorial divisions in specific regions and the policy implemented directly by the authorities of the constituent entities of the Russian Federation. This paper uses the term ‘regional economic policy’, which is based on the definition by L.E. Limonov. According to him, regional economic policy refers to the conscious regulatory impact of regional governments on the economy, carried out within a certain framework to achieve goals that are consistent with the interests of the people in the region [Limonov, 2025].

In accordance with this distinction, it is possible to divide instruments of regulatory influence into macro- and micro-instruments. The former are reflected in trade, budgetary-tax and credit-monetary policies conducted at the federal level; the latter are more often applied at the regional level and consist of influencing labour and capital.

The German economist, G. Spehl, proposed a clear classification of regional economic policy instruments based on the object of influence (see Table 2).

At present, when implementing regional economic policy, more attention is paid to endogenous factors such as the internal human resources potential of the region and the quality of the institutional environment. These factors form the value foundations for the development of regional communities, and at the same time it is a priority to improve the quality of life for people living in the regions. This presupposes focusing on ensuring a balance of interests for many participants in socio-economic relations, including economic entities, public

Table 1
The ways in which states regulate economic development

Direct methods	Indirect methods
State investments in priority areas of regional development	Regulation of regional tax and fee rates, including provision of tax incentives
Quotas and licensing of foreign trade activities of economic entities	State lending, providing for the possibility of obtaining preferential loans
Subsidies and grants aimed at supporting individual regions and industries	Creation of target and special extra-budgetary funds
Placement of state orders	Establishment and regulation of customs duties
Establishment of regional tariffs for certain goods and services	Implementation of accelerated depreciation policy

Source: compiled by the authors.

Table 2
Directions of regional economic policy,
depending on the area of influence

Object of influence	Contents of the policy instrument
Economic environment	Creating a favorable business climate based on local prerequisites
Capital	Attracting external investment, mobilising existing capital
Labor	Training and upgrading the skills of the local workforce
Innovation	Creating and supporting research centers and higher education institutions
Communications	Developing and improving the reliability of communication networks
Technology	Creating and supporting institutions that develop technologies and carry out technological cooperation
Local areas	Comprehensive renewal of territorial zones
Enterprises	Supporting small and medium-sized businesses, creating conditions for the emergence of new enterprises

Source: [Mayer, Spehl, 1993].

organisations and political parties.

In turn, any regional economic policy is based on available regional resources (human, social, economic, and natural). Given the increasing competition for resources and their high mobility, factors such as the quality of management and availability of appropriate infrastructure become crucial for regional development.

In this context, the quality of governance refers to the quality of financial markets, transparency and efficiency in the application of laws and regulations, the degree of protection for property rights, the level of coordination between government bodies, the development of public-private partnerships and feedback mechanisms, the validity of land-use rules, etc. At the same time, non-state actors play an important role in regional development policies, as they increase the activity of the population, ensure public control, help to more accurately take into account current problems and needs, and form a system of checks and balances.

The development of infrastructure directly affects the pace of regional development, the competitiveness of businesses and the quality of services provided to the population. Its long service life and need for large investments determine the involvement of the state in attracting investment in maintaining and modernising infrastructure facilities. In light of current economic and geopolitical circumstances, the development of transport infrastructure along the North-South and East-West corridors has become especially important for

Russian regions to reorient exports, imports and create new areas for foreign economic activity. Meanwhile, there is still a need to continue improving production, social, energy, and tourism infrastructure.

Another significant factor in the effectiveness of regional economic policy today is the business climate (economic, investment, innovation), the content of which includes the quality of the local production environment, the level of tax burden, the possibility of obtaining financial resources, the speed of obtaining permits and approvals, availability of services to support investment projects, and overall convenience and comfort of doing business.

Separately, we can highlight indicators that characterise the favourableness of the innovation climate. In a modern market economy, the ability to develop and implement innovation is the most important competitive advantage:

- the image of the region and promotion of its advantages;
- the size and quality of the regional labour market;
- the degree of diversification of the region's economy by industry and enterprise size;
- the availability and quality of innovation infrastructure, including technical, consulting, financial, sales, personnel training;
- the availability of opportunities for cooperation between state, private and public institutions.

Long-term practice in both unitary and federal states demonstrates the ineffectiveness of exclusively using

macroeconomic instruments to equalise interregional disparities, as a simple redistribution of funds from donor regions to subsidised regions does not guarantee a sustainable and positive long-term economic effect. In this context, there has been a shift in attention to other mechanisms for state intervention at the regional level, such as promoting growth in regional incomes and investments, tax revenues, and the expansion of the labor market, as well as increasing the overall competitiveness of the region.

Taking into account the above, the following can be defined as the main vectors of regional economic policy:

- improving the quality of governance (improving the regional regulatory framework, transparency, coordination, efficiency and accountability of government bodies);
- developing human capital;
- involving non-state actors in the process of developing, making and monitoring the implementation of decisions;
- ensuring the availability, adequacy and high quality of infrastructure;
- accessibility of public goods (social and urban environment, environmental friendliness, safety);
- promoting an open and competitive socio-economic environment (transparency of government bodies, fight against corruption, economic and political competition).

One of the most comprehensive instruments for implementing regional economic policy is regional strategic planning, which involves the independent determination of development goals and priorities by the regional community. This tool allows defining benchmarks and creating the objective prerequisites for economic growth in the region. Today, participatory planning has become widespread, including at the regional level, which ensures the real participation of all stakeholders (government, civil society, business) in developing and implementing strategic planning documents [Prokofiev, 2025].

Depending on the object and subject, planning can be divided into socio-economic, financial, and territorial. Socio-economic planning is carried out to define and achieve the main socio-economic indicators for the coming period, while financial planning forecasts the revenue side of the budget and fixes the directions of funding. Territorial planning reflects the spatial aspect of the planned activities, including where, how, and what infrastructure will be located.

Based on the results of the strategic planning process, depending on the level of detail, documents such as strategy, concept, plan, project or comprehensive or target programme may be approved. Elements of modern strategic planning documents include goals,

objectives as well as resources and activities to achieve them. It is logical that strategic planning documents should be developed for long- or medium-term periods. However, in the current practice, it is shown that rolling planning is more effective in a dynamic external environment. Documents should be regularly updated and adjusted (every two or three years).

Next, we will discuss other micro-instruments used in implementing regional economic policy. One relatively new direction for regions, which public administration has borrowed from commercial entrepreneurship, is regional marketing and branding of territories. Today, the image, brand, and reputation of territories have become an additional economic factor in competitive struggle for businesses, investment, population, highly qualified staff, and tourist flows. Residents use a region's brand to decide where to live, study, or vacation, while businesses use it to locate investment projects. A positive, recognisable brand for a region helps convey the mission, values, and specifics of the place, achieving loyalty and emotional connection with it, while an absence of a brand or intimidating reputation can lead to the outflow of valuable resources needed for regional development [Ugryumova, 2025].

Territory marketing is a targeted promotion of the interests of a territory and the creation of a positive image for it. The main actors in implementing the territory's marketing policies are authorities at the appropriate level and agencies they create. Territory marketing has two main stages: positioning and promotion. In the first stage, a marketing strategy for the territory is developed, and in the second stage marketing communication with target audiences is carried out directly.

Regional branding involves creating a unique and recognisable style (the so-called identity), symbol or slogan that is associated with the territory and attracts additional attention to it. An effective regional brand is original, easy to understand and attractive. Visual symbols play a significant role in a brand, so they should be prominently displayed on official materials and products.

Today, regional marketing has become widespread: a corporate identity and brand book have been developed in the Nizhny Novgorod region. The Moscow metro and transport have their own identities, and in 2020 the Volgograd region got its own logo (a stylised Latin letter V). In some regions, branding work is just beginning or is still ongoing, but using this tool can be safely called one of the positive trends in modern economic policy.

As mentioned earlier, it is impossible to imagine a modern economy without innovation activities. Thanks to these activities, innovations are developed and implemented in various industries, stimulating innovation being another area of regional economic policy. Currently, regions have a wide range of tools for

developing their innovation potential, including clusters, technology parks and regional innovation systems.

Clusters are a group of geographically and economically interconnected organisations that complement and strengthen each other. The cluster approach allows companies to reduce costs, exchange knowledge and experience, and its peculiarity is its focus on innovative activities. In this regard, regions face the task of creating favorable conditions for the formation and development of regional economic clusters, namely: support for cluster initiatives, diagnostics, stimulation, monitoring of cluster activities and general assessment of the effectiveness of cluster policies.

As a rule, the cluster approach is applied to the most successful and promising sectors of the regional economy. At the same time, it assumes mutual coordination with strategic planning documents in order to achieve an even greater economic effect. Thus, cluster policy is reflected in long-term development strategies for the Republic of Tatarstan and Kaluga Region. This has allowed the creation of effectively functioning clusters in mechanical engineering, automotive, metalworking,

medicine, oil and gas, chemical, and other industries in these regions.

According to the results of 2015, the dynamics of production volume in the ‘Pharmaceuticals, Biotechnology, and Biomedicine’ cluster of the Kaluga region significantly outpaced that of other sectors of regional economy, as well as the growth of domestic market for medicines. At the same time, more than 70% of products created by enterprises in the cluster were innovative, confirming the effectiveness of cluster approach to innovation [Limonov, 2025].

Technoparks are similar to clusters in that they are the result of the integration of educational, scientific, financial and industrial organisations. These organisations cooperate on a certain territory to directly generate innovations and commercialise them. Technopark management is carried out by specially created bodies. As of 2025, more than 150 technoparks have been established in Russia, covering more than 50 regions of the country¹.

Another similar institution of innovation activity is the regional innovation system, which consists of

Table 3
Types of regional innovation systems

Type of regional innovation systems	Characteristics	Examples of regions
Peripheral agricultural and industrial regions	It is necessary to create favourable conditions for the implementation of innovative potential	Kirov, Kostroma, Yaroslavl regions, etc.
University industrial territories	Close interaction between the academic scientific environment and local industry is noted	Novosibirsk and Tomsk regions
Old industrial regions	Innovative potential can be developed through the import of technologies and the creation of new industries or by introducing radical innovations and rethinking traditional activities	Chelyabinsk, Perm, Tula, Kemerovo regions, etc.
Metropolitan service areas	High concentration of qualified personnel, high agglomeration effect	Moscow and St. Petersburg agglomerations
Climate-favorable, agro-industrial, recreational regions	Comfortable climatic and social conditions can help attract qualified personnel	Subjects of the Southern Federal District
Highly specialised industrial regions	Innovative activity is focused on moving away from narrow specialisation, the success of the innovative path of development is due to the quality of secondary education and the ability to retain creative people in the territory	Novo-Shakhtinsk (Rostov region), Kurchatov (Kursk region), cities of the Yamalo-Nenets Autonomous District
Regions of pioneering economic development of natural resources	Large corporations, the high role of knowledge-intensive resource services, the mobilisation of all types of innovations for the transformation of new territories become a catalyst for development	Arctic shelf development areas, Arctic advanced development zones

Source: [Pilyasov, 2012].

¹ <https://akitrf.ru/news/nazvany-samye-effektivnye-tekhnoparki-rossii-2020/>.

regional organisations with stable relationships that produce, disseminate, and use new knowledge. This facilitates financial, economic, informational, and legal support for innovation processes.

The formation of a regional innovation system requires the presence of highly qualified personnel in the region, higher education institutions, research organisations, and active involvement of regional authorities. The regional authorities formulate the goals and strategies of the innovation system and coordinate its activities.

The regional innovation system consists of three key subsystems:

- organisations that directly generate innovation: universities, research centers, as well as organisations that conduct research and development;
- organisations that implement innovation and distribute it in the form of finished products;
- intermediary organisations (expert assessment, financing, infrastructure provision): investment development agencies, chambers of commerce, legal organisations, etc.

Domestic scientists have developed a typology of regional innovation systems that takes into account the characteristics and innovation potential of all regions of Russia (Table 3).

Let us briefly discuss such a regional economic policy tool as public-private partnerships. This mechanism is used in situations where state resources are not enough to implement an event or project (for example, infrastructure), and private organisations are therefore involved in managing socially significant facilities.

The basis for such a partnership is a mutually beneficial combination of tangible and intangible assets over a long period through the conclusion of a contract between government and private companies. The ultimate goal of the partnership is to provide public services or create public goods.

Public-private partnerships can take various forms, including lease agreements, management or service contracts, concession agreements and specialised contracts. The regulatory framework for public-private partnerships in the Russian Federation was established with the approval of Federal Law No. 115-FZ of 21 July 2005 ‘On Concession Agreements’. Individual provisions (regarding life cycle contracts) are also reflected in Federal Law No 44-FZ of April 5, 2013 ‘On the Contract System in the Sphere of Procurement of Goods, Works, Services for State and Municipal Needs’. Finally, on July 13, 2015, Federal Law No. 224-FZ ‘On public-private partnership and municipal-private partnerships in the Russian Federation’ was approved, establishing the concept of a partnership agreement

and its mandatory elements. The law also establishes the principles of partnership, as well as the assessment of its effectiveness based on two criteria: financial effectiveness and socio-economic impact.

Today, public-private partnerships are most actively used in Russian regions for housing and utilities (construction, operation, and maintenance of utility networks) and transport (organisation of public transportation, construction, and maintenance of roads and transport infrastructure). As a tool of economic regulation, this mechanism has its shortcomings, including a decrease in government control over the quality of services provided or an increase in costs, but at the same time, it is a compromise that allows the simultaneous use of advantages from both the public and private sectors.

Traditional instruments of regional economic policy include support for entrepreneurship and the labour market. In developed countries, small and medium-sized enterprises account for a significant share of gross domestic product and employment, and they actively engage in innovative activities. Russia, including at the regional level, implements policies to stimulate the activities of small- and medium-size businesses in order to increase employment, tax revenues, and create a competitive environment.

To achieve the listed goals, a corresponding business support infrastructure is being created at the regional level. This includes development agencies, entrepreneurship support funds, credit funds, investment funds, business incubators, industrial parks and engineering centers.

As for support of the labor market, regions use the usual groups of regulatory methods: economic, organisational, and administrative (Table 4).

Most often, employment support is provided by regions within the framework of state programmes of constituent entities of the Russian Federation coordinated with federal programs (since January 1, 2025, the national project ‘Personnel’), taking into account the state of regional labour markets and other socio-economic characteristics. As a rule, these programmes are adopted for medium-term planning and reflect sources of funding, lists of specific activities, and indicators of efficiency. Thanks to effective use of employment measures, unemployment rates in Russia are at an all-time low and stand at 2.3%².

2. Challenges and prospects of regional economic strategy

The regional economic policy pursued by the subjects of the Russian Federation inevitably faces challenges of various natures. One of the largest such challenges in recent times has been the COVID-19 pandemic, which

² <https://www.interfax.ru/business/1006881>.

Table 4
Types of methods to support the regional labour market

Group of methods	Examples of methods
Economic	Preferential taxation and lending to organisations Targeted financing of strategically important enterprises Stimulating self-employment
Organisational	Creation of a system of career guidance, training and retraining of specialists Informing the population about the situation on the labor market, career opportunities Providing comprehensive employment support
Administrative	Development and implementation of target programmes Organisation of internships and temporary employment Provision of targeted assistance when moving

Source: compiled by the authors.

has significantly impacted almost all processes in both the global and regional economies. Although we can already speak about overcoming many of the negative consequences of the pandemic, we cannot ignore the new threat of increased sanctions pressure from unfriendly countries that Russian regions face.

The departure of a number of foreign companies from the Russian market, disruption in supply chains, decline in investment activity, restriction on the importation of foreign goods, and export of domestic products, as well as currency fluctuations, were all consequences that regional economic systems faced as a result of the imposition of new sanctions aimed at containing the Russian economy and limiting its growth.

The need to counteract sanctions required regions to take urgent measures to adapt regional economic policy to new conditions. Thus, in all regions of Russia, appropriate coordinating bodies have been created or measures are being implemented aimed at supporting the economy under sanctions. For example, in the Volgograd Region, there is an operational headquarters for strengthening the stability of the economy under sanctions restrictions³, in the Krasnodar Region, a Plan for Ensuring Sustainable Development of the Economy and Social Stability is being implemented⁴, the government of the Republic of Tatarstan has developed a package of measures to support the economy under sanctions⁵ etc.

Let's look at specific examples of economic support measures used by regions to mitigate the negative effects of sanction pressure. In the Volgograd region, a priority action plan for 2024 was approved to ensure economic development under external sanction pressure, which includes 50 measures worth a total of 10.2 billion roubles⁶:

- 4 general organisational measures (operation of hotlines, website content, etc.);
- 9 measures to reduce pressure on business;

- 7 tax incentive measures;
- 5 measures to support the labour market;
- 4 measures of direct support for small and medium-sized businesses;
- 2 measures to diversify exports and stimulate import substitution;
- 16 industry support measures;
- 3 measures to accelerate budget procedures.

According to the report of the Committee for Economic Policy and Development of the Volgograd Region, these measures to support the economy, together with the implementation of national and regional projects, have created conditions for sustainable socio-economic development in the Volgograd region in 2024. Considering an objective assessment of future risks, it is planned to ensure the achievement of all planned goals by 2025 through the formation of necessary reserves.

A similar approach is used in one of the most economically developed regions of Russia - the Republic of Tatarstan. Its own regional support measures include grants for young entrepreneurs, preferential loans for self-employed citizens, small and medium-sized enterprises, microfinance products for exporters, and lending for investment purposes. For example, enterprises in the industrial cluster have the opportunity to receive a subsidy up to 50% on the purchase of import-substituting equipment and components. They can also receive a preferential loan at an interest rate of 7% per year for up to ten years, not pay income tax, and pay insurance premiums at reduced rates.

In the context of previously described instruments for regional economic policy aimed at stimulating innovation, it should be noted that 23 industrial parks, five advanced development territories and four technology parks have been established in Tatarstan, as well as two special economic zones. Moreover, the

³ <https://economics.volgograd.ru/current-activity/>.

⁴ <https://economy.krasnodar.ru/activity/mery-podderzhki-v-usloviyakh-sanktsionnogo-davleniya>.

⁵ <https://kazanfirst.ru/articles/602866>.

⁶ <https://economics.volgograd.ru/current-activity/>.

Table 5
Dynamics of economic indicators of Russian regions in 2024

	Industrial production index (% to January - December 2023)	Retail turnover (% to January - December 2023)	Volume of investments in fixed assets (% to January - December 2023)	Unemployment Rate October - December 2024 (% of labour force)
<i>Central Federal District</i>				
Voronezh region	102.5	108.1	107.1	2.2
Kaluga region	110.5	103.0	111.8	1.2
<i>Northwestern Federal District</i>				
Republic of Karelia	99.3	104.1	93.1	3.8
Leningrad Region	108.2	103.6	137.3	2.8
<i>Southern Federal District</i>				
Volgograd region	101.2	106.7	115.1	2.2
Rostov region	104.7	111.5	116.6	2.3
<i>North Caucasian Federal District</i>				
Republic of Ingushetia	111.1	110.7	73.6	25.6
Chechen Republic	106.6	106.2	127.4	7.5
<i>Volga Federal District</i>				
Republic of Bashkortostan	105.4	112.3	124.7	1.4
Nizhny Novgorod region	103.3	107.7	102.5	1.2
<i>Ural Federal District</i>				
Kurgan region	124.9	106.7	114.9	2.2
Chelyabinsk region	99.4	113.5	119.8	1.7
<i>Siberian Federal District</i>				
Altai Republic	111.3	103.9	116.3	5.9
Novosibirsk Region	103.4	111.5	156.2	2.1
<i>Far Eastern Federal District</i>				
Republic of Buryatia	105.4	105.5	86.5	4.3
Primorsky Krai	103.0	108.7	105.3	2.3

Source: compiled by the authors based on materials from the Federal State Statistics Service. <https://rosstat.gov.ru/folder/11109/document/13259>.

proportion of jobs in these structural entities, as well as small and medium-sized businesses in the republic, amounted to 25% in 2023, which is almost ten times higher than the average in Russia.

Thanks to the competent and timely application of economic regulation measures, the Tatarstan economy, diversified by sectors, manages to demonstrate annual growth in gross regional product and other key economic indicators.

To assess the current economic situation and the degree of stability of regional economic systems under sanctions pressure, we will consider selectively the dynamics of the main economic indicators for the constituent entities of Russia's federal districts in 2024 (Table 5).

As follows from the presented data, irrespective of the federal district, a vast majority of regions demonstrate positive dynamics in industrial production indices, retail turnover, and volume of investment in fixed capital. This indicates a rather stable position for regional economies. However, in some regions, there is a notable decrease in investment volumes in fixed capital, indicating the need to take more active measures to improve the investment climate and attract investment, taking into consideration regional investment potential.

The unemployment rate in the regional context can be characterised as low, except for the subjects of the North Caucasus Federal District. The higher unemployment rate there compared to other federal districts is explained

by the traditionally high share of agriculture and the greater prevalence of hidden employment.

It is also worth noting that a record low unemployment rate may carry risks, as it may indicate an increase in demand for labour. Thus, some regions are already facing and others may face new challenges in the form of shortages of personnel for economic needs, especially given the difficult demographic situation. All regions have felt the negative effects of economic sanctions, but external economic pressure has also pushed the authorities of constituent entities of Russia to adapt and find other ways to ensure economic stability.

Further prospects for improving regional economic policy can be divided into several areas. One of these areas is the development of interregional and international cooperation aimed at building new economic ties and production chains. This is especially important in a situation where a significant number of large Western companies have left the Russian market. New opportunities are opening up to expand and deepen trade and economic cooperation with friendly states. Exports and imports can be reoriented to other regions of the world, creating new opportunities for growth and development.

As an example, we will cite the Republic of Tatarstan and the Volgograd region. Tatarstan has long been establishing foreign economic relations with countries of the Islamic world due to the predominance of this religion in the republic. The Tatarstan Oil and Gas Chemical Forum and the international forum 'Kazan Digital Week' and the international economic forum 'Russia-Islamic World: KazanForum' are held annually in the capital of Tataristan, thanks to which the region attracts significant volumes of investment from Eastern countries. After further sanctions were introduced in 2022, trade turnover between Tataristans and Azerbaijan, Turkey, and Uzbekistan increased.

In 2024, the Volgograd Oblast signed a cooperation roadmap for 2024-2026 with the Republic of Belarus. The purpose of this cooperation is to deepen partnerships in trade, economic, cultural, and humanitarian spheres as well as to expand ties in science and technology. This cooperation increases the competitiveness of the region and reduces potential risks to the regional economy.

Another area is the improvement of internal processes in regional economic policy, such as the introduction of lean manufacturing technologies. The Nizhny Novgorod region can be cited as one of the undisputed leaders in this field. The region began to intensively use lean technologies in management in 2017, with the launch of the 'Effective Region' project, which was subsequently supplemented by the 'Effective Government', 'Effective Municipality' projects. It is noteworthy that lean approach was implemented not only in manufacturing enterprises in

the region, but also in government bodies. As a result, a positive economic effect manifested itself in various areas, from providing municipal services to producing agricultural products. Due to optimisation of standard processes, labour productivity increased and the quality of products improved. The overall economic effect of implementing lean manufacturing principles amounts to hundreds of millions of rubles per year⁷.

At the initiative of the Governor of Nizhny Novgorod region, the 'Lean Governor's Club' was created to unite regions aimed at improving the efficiency of production, public administration, and the social sphere. Currently, the Efficient Region project has been implemented in 36 constituent entities of Russia. Since 2018, over 32,000 different projects have been completed or are still being implemented with its assistance, which is particularly important in the context of implementing the federal project on labour productivity under the national project for an efficient and competitive economy.

The challenges and promising areas highlighted the importance of the regional level in the structure of the national economy. They also show that regions are keeping their finger on the pulse, able to adapt to changing economic conditions, and use a wide range of instruments to ensure sustainable socio-economic development.

3. Conclusion and further research

The study revealed a wide range of instruments used within the framework of regional economic policy and assessed their effectiveness in modern conditions. Current challenges - from global instability to internal restrictions - require regions to be not only resilient but also adaptable. The study concluded that given the institutional and resource base, subjects of the Russian Federation have the ability to pursue flexible and targeted economic policies that can take into account territorial specifics and respond promptly to external and internal changes.

Promising areas for the development of regional economic policy include strengthening interregional and international cooperation, optimising management processes, and forming adaptive models of management, as well as transitioning to a 'supply-side economy,' which is being increasingly discussed at various government levels, including the regional level.

In the context of the topic, the issue of evaluating the effectiveness of regional economic policies and analysing the balance between costs and results remains relevant. Therefore, within the framework of future research, it is proposed to identify the main methodological approaches that enable a qualitative and objective assessment of individual policy elements and its overall effectiveness.

⁷ <https://strategy.nobl.ru/stati/gosupravlenie/uvidet-problemu-i-ustranit-kak-berezhlivyie-texnologii-uluchshayut-region/>.

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The article was submitted on 20.03.2025; revised on 11.04.2025 and accepted for publication on 12.04.2025. The authors read and approved the final version of the manuscript.

文章于 20.03.2025 提交给编辑。文章于 11.04.2025 已审稿。之后于 12.04.2025 接受发表。作者已经阅读并批准了手稿的最终版本。