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## Prospects for the improvement of interregional cooperation in Russia (based on the example of the Siberian regions)

**Abstract:** In the Russian Federation, interregional cooperation is limited, which negatively affects regional development and contributes to growing regional disparities. The goal of this research is to gain better understanding for slow and inconsistent development of interregional relations in Russia. The main hypothesis is that the lack of proper coordination and communication between the federal and regional levels of government, between regions themselves, as well as between regional authorities and other stakeholders in regions' development is one of the key problems that hampers development of interregional cooperation in contemporary Russia. Retrospective, statistical, and content analysis were used to test this hypothesis. The analysis of the federal policy toward regional development since 1990 has shown gradual increase in centralisation of authority. The regional policy stimulated interregional competition and dependence on federal investments and subsidies. Nevertheless, the study of strategic plans of Siberian regions shows that with proper coordination and communication between interested parties some of the problems inhibiting interregional cooperation can be resolved. Better coordination, in turn, requires improvement of the institutional infrastructure. The findings are relevant for policy makers and scholars in the field of regional development. Further research is needed concerning the most efficient forms of coordination institutions.

**Keywords:** coordination; interregional cooperation; regional policy; Russian economic policy; spatial development

**Received:** 25 March 2021

**Accepted:** 26 April 2021

**Suggested citation:**

Violin, S. (2021). Prospects for the improvement of interregional cooperation in Russia (based on the example of the Siberian regions). *Prace Komisji Geografii Przemysłu Polskiego Towarzystwa Geograficznego [Studies of the Industrial Geography Commission of the Polish Geographical Society]*, 35(2), 85–99. doi: 10.24917/20801653.352.6

## INTRODUCTION

Interregional cooperation in contemporary Russia is an important factor in maintaining and developing the common economic space of the country. Among the advantages of interregional cooperation experts identify the expansion of local markets

(Abdulmanapov, 2010), deepening of the spatial division of labour, infrastructure development (Gontar, 2018), effective use of complementary resources (Plikhun, Kiselev, 2009), intensification of international cooperation on a regional level (Reiterer, 2006), decrease in transaction costs, and development of innovation through the enhancement of the labour market opportunities and information exchange (Fritsch, Lukas, 1999; Woolford et al., 2020).

The major part of the research of Russian scholars in this field is devoted to the role of interregional cooperation in social and economic development, to the identification of goals, tasks, and specific forms of such cooperation. In particular, it is determined that interregional cooperation contributes to the economic growth of regions and the country as a whole through the effective use of regional resources and formation of added-value chains (Nikolaev, Makhotaeva, 2009), stimulation of interregional trade and investment cooperation (Uskova, Lukin, 2013), optimisation of the territorial production system (Adzhikova, Shkolnikova, 2014). Intensification of social and economic development is also achieved through coordination of strategic plans of enterprises located on the territory of neighbouring regions (Serebryakova, 2009), creation of the economies of scale, trade enhancement, and provision of better economic conditions (Abdulmanapov, 2010). The interregional cooperation plays an important role in ensuring economic security through mutual support and interdependence of regions (Zolotarev, 2006) and through maintaining stable functioning of the economic complex during a crisis (Lapytov, 2009). Interregional cooperation is also utilised as a response to the challenge of globalisation (Song, 2007).

Experts note that in the Russian Federation economic collaboration between regions is limited due to a number of factors, one of the most important of which is the underdeveloped infrastructure related to sustaining effective horizontal links between regions as well as vertical links between the federal government and regions. Bukhvald and Ivanov point to the fact that regional policy is conducted in the general framework of the system of the federative relations that has been going through transformation during all of the post-Soviet period of Russian history. This fact hampers the capability of regions to conduct an independent social and economic policy (Bukhvald, Ivanov, 2017). The legislative gaps in terms of interregional cooperation and lack of the financial stimuli on the part of the federal government is also apparent (Gontar, 2018).

Besides that, scholars note lack of the pronounced interest in interregional cooperation on the part of most regional authorities. This is manifested, in particular, in total absence or weak representation of interregional cooperation in regional strategic plans (Lukin, 2013). For those regions that view interregional cooperation as their strategic priority, a mismatch in potential partner-regions identification have been discovered (region A considers region B as a prospective partner while region B does not consider region A as such) (Bakumenko, 2018).

Scholars also note the high degree of concentration in the Russian economy and dependence of Russian regions on the economic performance of large corporations. Ten largest Russian corporations in terms of sales account for 16% of total output of Russian companies (Druzhinin, 2019). (Mierin, Petrov, Khoreva, 2020) underline the fact that four Russian oil companies account for 30% of total budget income of the Russian Federation, 1 out of 72 Russian workers work at these companies. The business newspaper "Kommersant" conducted research that showed that the largest taxpayer in 26 out of 85 regions is an oil or gas company (Kommersant, 2019).

This article suggests that 30 years of reforms in Russian federative relations and federal policy toward regional development including changes in the institutional setting have sent different, sometimes conflicting, signals to the regions with regard to goals and objectives of Russian regional policy and interregional relations as its important part. Moreover, some regions do not consider interregional relations as valuable while others develop plans for interregional cooperation without proper regard for interests of other parties involved.

The goal of this research is to gain better understanding for the slow and inconsistent development of interregional relations in Russia. The main hypothesis of this paper is that the lack of proper coordination and communication between the federal and regional levels of government, between regions themselves, as well as between regional authorities and other stakeholders in regions' development is one of the key problems that hampers development of interregional cooperation in contemporary Russia. In order to reach the goal of the research the modern history of Russian regional policy is analysed first, then major challenges facing today's regional development are identified, and, finally, the case for the need for better coordination is presented and justified.

The following methods were used in the research process. The retrospective analysis was conducted to understand the dynamics of the relations between the federal centre and the regions, the statistical analysis helped assess the regional performance, the content analysis was applied to strategic planning documents on federal and regional levels.

## HISTORY OF THE DEVELOPMENT OF THE INSTITUTIONS OF REGIONAL POLICY AND INTERREGIONAL COOPERATION

The history of formation of institutional conditions for interregional cooperation in the Russian Federation can be divided into three periods. These periods have been determined in accordance with the major decisions adopted at the federal level that significantly influenced further regional development.

1. The first period, 1989–1999, was characterised by the abrupt loss of economic relations between the republics of the former Soviet Union, elimination of trade barriers, weakening of the central government and risen autonomy of regions. The political and economic crisis of the 1990s led regional authorities to seek integration and consolidation of resources to avoid negative economic and social consequences (Lukov, 2009). As a result of regional initiatives, eight interregional associations of economic development were formed. The composition and scope of the Associations were based on large economic districts: the Far East, Siberia, Ural, Volga region, the Central district, the Southern district, the North-West, and the Northern Caucasus. The organisations consisted of top regional authorities, which determined their high political status.

The main goal of the Associations was to establish coordination between regional authorities in order to maintain stable production and the quality of life. Besides providing coordination between regional authorities, an important function of the Associations became the representation of regional interests on the federal level of governance on a wide range of topics relevant to the social and economic development.

During the period in view, the new type of enterprises began to form in Russia – the vertically integrated corporations (the VICs) that started to play a major role in the economic and spatial development of the country. Some scholars point out the positive

impact that the VICs had on maintaining the integrity of the Russian state in the midst of lost economic relations (Minakir, 2004). However, the growing influence of the VICs did not contribute to the development of interregional links. This was due to the fact that these companies' business, for the most part, was related to the extraction and export of raw materials. Processing plants that were the part of these corporations operated on a minimal margin and the profit centres were located in the capital.

2. The second stage of regional policy development in Russia spanned from 2000 to 2014 and was characterised by the strengthening of the federal authority and gradual decrease in regional autonomy.

The strengthening of the federal authority marked this period. The starting point in building the strong central authority was the establishment of the federal districts and the institution of plenipotentiary representatives of the President of the Russian Federation in those federal districts. Originally, the composition of the federal districts reflected that of economic ones. However, in time, this composition had changed in accordance with the political goals of the country's officials.

The objective of implementing interregional coordination was given to the plenipotentiary representatives by the President of the Russian Federation. In the Presidential Address to the Federal Assembly in 2002, the President noted that the plenipotentiary representatives should receive the legislative status allowing them to "facilitate the establishment of the markets of goods on a large territory, support the commodity exchanges between Russian regions and ensure sustainable work of local producers, establishment of the civilized internal market of goods, services, and capital (The Annual Presidential Address..., 2002).

According to this and other objectives given by the President, the plenipotentiary representatives were developing strategic plans and programmes on the federal districts' level. In particular, the Strategy for social and economic development of Siberia, the Strategy for social and economic development of the Far East and the Baikal region were developed during this period. On the other hand, these strategic documents were informational in their nature due to the lack of real authority on the part of the plenipotentiary representatives. For the most part, the state regional policy was conducted through state programmes, some of which targeted specific regions or group of regions.

Thus, the plenipotentiary representatives became the conduits of the federal policy and aimed to establish strong hierarchical relations between the federal and the regional levels. On the other hand, the attempts to establish horizontal links between regions within federal districts failed to succeed.

Regional policy on the federal level at this period was characterised by the introduction of polarised development instruments. These included the creation of Special Economic Zones, territories of accelerated development, innovation and industrial clusters, and so on. Besides that, the distinctive feature of this period was the implementation by the federal government of a few large projects, such as the Winter Olympics in Sochi, the World Football Championship in several cities, APEC summit in Vladivostok, and others. Implementation of such projects was accompanied by the influx of significant state and private investment in infrastructure and urban environment development, which gave a strong impulse to further development of the region in question. Uneven distribution of federal investment and territories with special investment provisions through the territory of Russia led to the intensification of interregional competition (Dubrovskaya, 2017).

The distinctive feature of the system of state-region financial relations during that period was the predominance of measures aimed at equalising the budget capacities of regions through federal subsidies. This system encouraged further reliance of economically weak regions on federal support and discouraged stronger regions from increasing their economic potential because most of the budget income of the so-called region-donors was transferred to the federal budget and then redistributed among all the regions. Besides that, this situation, as well as low investment attractiveness of most Russian regions, contributed to increasing interregional competition for federal investment and subsidies and exacerbated dependence of economic policies of regions on the activities of the federal government.

During this time, the VICs further increased their impact on regional development because their share in the overall production and the amount of taxes increased as well.

3. The third period of Russian regional policy started in 2014 and is still in operation. The start of this period relates to the adoption in 2014 of the Strategic Planning in the Russian Federation Act (the Strategic Planning Act). The Strategic Planning Act established the system of strategic planning in the Russian Federation delineating the authority of state, regional, and local government bodies in this field. Schematically, the Russian system of strategic planning including the most important elements is presented in Table 1.

Table 1. The System of Strategic Planning in the Russian Federation

Level of governance	Instrument of strategic planning
Federal	<ol style="list-style-type: none"> <li>1. Strategy for Social and Economic Development of the Russian Federation</li> <li>2. Strategy for National Security of the Russian Federation</li> <li>3. Strategy for Spatial Development of the Russian Federation</li> <li>4. Strategies for Social and Economic Development of Macroregions</li> <li>5. Federal State Programs</li> </ol>
Regional	<ol style="list-style-type: none"> <li>1. Strategy for Social and Economic Development of a region</li> <li>2. Regional Programs</li> </ol>
Local	<ol style="list-style-type: none"> <li>1. Strategy for Social and Economic Development of a Municipality</li> <li>2. Municipal Programs</li> </ol>

Source: Concerning Strategic Planning... (2014)

For the sake of this research it is important to highlight two important novelties in the Strategic Planning Act. One of them is the introduction of a macroregion – “a part of the territory of the Russian Federation comprising two or more regions, the social and economic conditions in which require identification of special priorities, goals, and objectives of social and economic development in the strategic planning process” (Concerning Strategic Planning..., 2014: 12). A macroregion becomes the object for strategising on the federal level.

The other key novelty is the introduction of the Strategy for Spatial Development of the Russian Federation. Given the fact that Russia is a country with a vast territory and great economic, social, ethnic, and cultural diversity of its regions the federal lawmakers acknowledged the need to differentiate state policy at least toward groups of regions. In 2019, the Federal government adopted the Strategy for Spatial Development of the Russian Federation to the year of 2025 (the Spatial Strategy).

The main goal of the Spatial Strategy is to ensure the well-balanced spatial development of the Russian Federation, decrease in social and economic divergence of regions through a number of measures including the deepening of interregional cooperation and coordination of social and economic development of regions within macroregions. The emphasis is given to the interregional cooperation based on geographical proximity, common infrastructure, as well as the potential of interregional cooperation development based on complementary economic specialisations. In order to achieve this objective the Strategy identifies 12 macroregions that in a more detailed fashion replicate the structure of the federal districts. Experts note the correlation between the objectives of strategies on the macroregional level and those of the Plenipotentiary representatives of the President, namely: to ensure proper coordination among federal agencies operating within a certain federal district (macroregion) (Smirnova, 2016). Thus, we can assume that macroregions are an updated version of federal districts and serve to facilitate the implementation of federal policy toward regional development.

The high level of divergence in social and economic development was recognised as a threat to Russia's national security in the Strategy for National Security adopted by the President of Russia in 2015. Therefore, it is not surprising that decrease in such divergence was proclaimed the main goal of the Spatial Strategy.

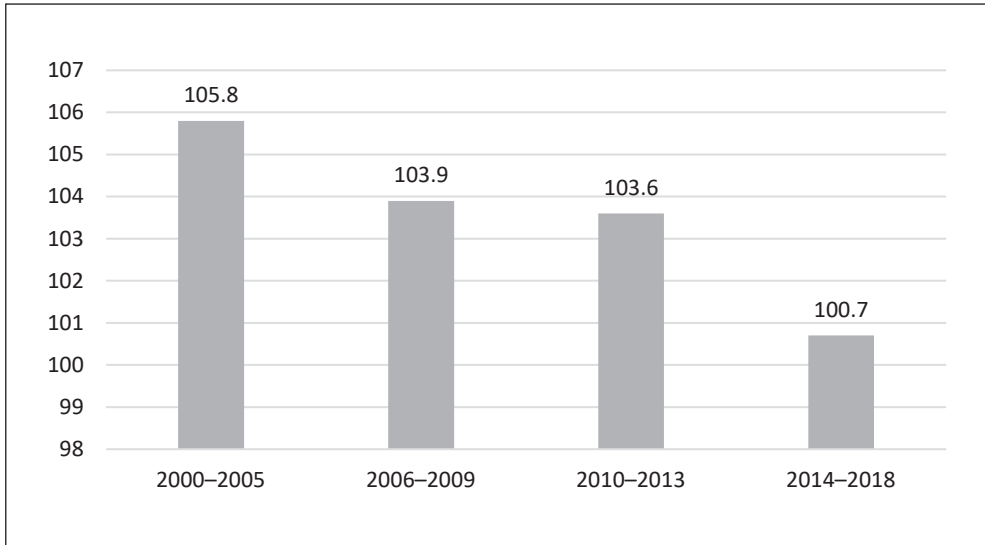
#### PRESENT-DAY REGIONAL POLICY OF THE RUSSIAN STATE: MAJOR CHALLENGES

Reduction in the level of regional social and economic divergence has long been the primary focus of the Russian regional policy. Since the Spatial Strategy along with some experts propose that interregional cooperation is one of the ways to achieve that goal, it is important to juxtapose the dynamics of the Russian economic development with that of the regional divergence as demonstrated in the two following graphs.

As it can be inferred from the graphs, the rapid economic growth in Russia between 2000 and 2013 contributed to the reduction in regional divergence in terms of the level of the GRP per capita through the system of state support of less developed regions. However, economic stagnation of the 2014–2018 appeared more burdensome for least developed regions and regional divergence again started to grow. The same is true for the parameters indicating citizens' welfare and the level of poverty. At the same time, difference in capital investments per capita dropped dramatically from 67 times in 2000 to 17 times in 2010 and to 15 times in 2013, but remained practically the same throughout 2013–2018. Substantial increase in investments in 2000–2010 in least developed regions can be explained, for the most part, by the low base of the 2000 and investment support on the federal level. However, investment growth in the last period on par with most developed regions has not transpired in the corresponding level of growth in GRP due to a comparatively low efficiency level of federal investments.

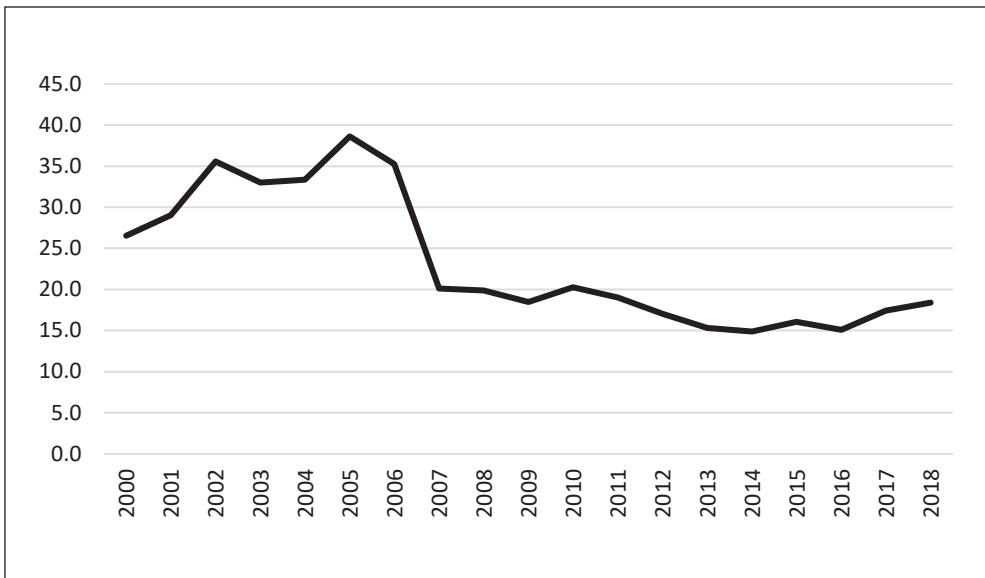
The dynamics of differences in economic and social development of Russian regions shows that the federal policy aimed at strengthening the central authority at the expense of regional autonomy worked fairly well in terms of ensuring balanced regional development during the "fat" years but performed poorly during the economic stagnation. The situation has worsened in the last two years. Although data on the gross regional product are not yet available, a good indicator of the regional performance is the execution of regional budgets presented in Table 2.

Figure 1. Average annual growth in GDP in the Russian Federation in percentages



Source: calculated by the author based on the data from the official website of the Russian Federal State Statistical Service: <https://rosstat.gov.ru/accounts>

Figure 2. The divergence between Russian regions in terms of the Gross Regional Product (GDP on a regional level) per capita



Source: calculated by the author based on the data from the official website of the Russian Federal State Statistical Service: <https://rosstat.gov.ru/accounts>

Table 2. Budget deficit of Russian regions in 2018–2020

	2018	2019	2020
Total budget deficit of Russian regions, bil. roubles	65	233	762
No. of regions with budget deficit (% of total no. of regions)	15 (18)	35 (41)	58 (68)

Source: calculated by the author on the basis of the data from the official website of the Russian Ministry of Finance at [https://minfin.gov.ru/ru/performance/regions/monitoring\\_results/analysis/](https://minfin.gov.ru/ru/performance/regions/monitoring_results/analysis/)

As one can see, the problems with meeting regional budget obligations had started even before the COVID-19 pandemic although the economic crisis of the 2020 exacerbated the problem significantly. As for now, 68% of regions are in deficit including the most economically developed regions, such as Tyumenskaya oblast and Moscow city, due to decline in demand for exported goods, as well as domestic services. The latter was a result of the lockdown and mostly affected large cities. In other words, the economic crisis induced by the pandemic hit both export and domestic-oriented industries. The primary sources for budget revenues of most Russian regions are profit tax and income tax, both of which dropped in 2019–2020. The citizens' real income has not experienced growth since 2014, which hampers domestic demand and extends the period of recovery for small and medium-sized enterprises.

To summarize, major problems that affect regional development as a whole and interregional cooperation in particular are as follows:

1. The lack of a systemic federal policy toward regional development. The aforementioned instruments and regulative measures solve operational rather than strategic problems and do not facilitate the well-balanced regional development. Regional policy reforms send to regions conflicting signals concerning federal priorities toward regional development.
2. Decline in the autonomy of regional government authorities as it pertains to the conduct of social and economic policy. This is the result of the present fiscal and inter-budgetary system, low investment attractiveness of most regions, as well as the principles of federal investment distribution. Declining autonomy hampers the ability of regional authorities to develop interregional initiatives.
3. Considerable influence of the activities of the vertically integrated corporations on the social and economic development of regions. Given the low level of Russian economy differentiation, Russian regions became heavily dependent on the economic performance and policies of the VICs. This dependence becomes more acute in the times of economic crises when even industrially developed regions experience budget deficits and growing regional debt.
4. The high level of divergence in economic development and the quality of life among regions coupled with low labour and capital mobility. The substantial divergence in the level of social and economic development hampers interregional cooperation due to the different level of economic development, large gaps in income of the population, and other factors.
5. The closed nature of economic policies on the regional level. Scholars point out either the total absence or underdeveloped sections devoted to interregional cooperation in regional strategic plans (Frolov, Mirzoev, Gorshkova, 2011; Solovyeva, 2016).



In our opinion, some of the aforementioned problems can be solved by better coordination and communication among the major actors in regional development: the federal government, the regional governments, and the VICs. In order to determine the level of coordination among Russian regions in terms of interregional cooperation plans strategies for social and economic development of 10 Siberian regions were analysed. These regions produce around 10% of the country's GDP, 11.5% of industrial production and 9% of total investments in Russia. Industrial production in the regions is dominated by a few large VICs in power energy, metallurgy, oil extraction and processing, coal-mining, petrochemical and timber industry. For example, the largest producers of hydropower, aluminium, copper, nickel, cellulose, PVC, gasoline are located here. Since these are some of the most industrially developed regions of Russia, the priorities in partnership with large business enterprises were also included in the analysis. The results are presented in Table 3.

As one can see from the Table, the greatest degree of coordination between regions characterises automobile and railroad construction of federal importance, especially within the three regions of Angaro-Eniseysk macroregion. Altai regions coordinate their efforts in promoting the tourist attractiveness of their region. Nevertheless, interregional cooperation plans are very limited and some regions do not outline specific projects and/or specific partners and leave the importance of cooperation as a declaration. This corroborates the aforementioned findings of Bakumenko, 2018 concerning the north-western regions of Russia. This uncovers the coordination problem in developing strategic plans not only among regions but between the federal and regional levels as well. The latter stems from the fact that the regions, according to the Strategic Planning Act, had to develop their Strategies even in the absence of the overall Strategy for Social and Economic Development of the Russian Federation and the eponymous strategies of the macroregions. These fundamental documents should have provided regional authorities with necessary guidelines concerning country's priorities in industrial and infrastructure development, among other things, which would lay the foundation for interregional cooperation.

The situation is better in terms of public-private partnership. The predominant strategic priority is the development of industrial clusters in the fields of regional specialisation that presume building a network of small and medium-sized companies around a large corporation that acts as a centre of gravity – provides demand for products and services (including R&D) of other companies in the cluster. However, none of the regional strategies in question mentions the coordination of their plans with strategies of large corporations.

It needs to be noted that current economic specialisation of Russian regions reflects the legacy of the Soviet principles of spatial distribution of industries. In the USSR, large industrial complexes allocation was based on the principles of production costs optimisation. For example, the largest aluminium plants were placed in Eastern Siberia because of low costs for hydroelectric power generation that comprised more than 30% of all production costs for aluminium, even though such placement required transporting raw materials from Ural, Ukraine, and Kazakhstan. Since transportation costs had not played a major role in allocating production facilities, after the collapse of the Soviet Union many of the production chains were destroyed. Even today, Russian key industries that account for largest shares of GDP and budget revenues are export-oriented because internal demand is weak. For example, Russia exports around 47% of its

Table 3. Interregional cooperation and public-private partnerships in strategic plans of Siberian regions

Region	Strategic priorities in interregional cooperation	Strategic priorities in partnerships with large corporations
Southern Siberia macroregion		
Altai krai	Development of joint tourist brand "Altai" with Altai Republic. Development of high-speed railways connecting Altai krai with Novosibirsk oblast.	Regional support for the construction of solar energy facilities by the Chinese holding "Haval." Development of the agrarian machinery, biopharmaceutical, composite materials, chemical industrial clusters.
Altai Republic	Development of joint tourist products with other Siberian regions.	Development of agro-industrial and tourist clusters
Kemerovo oblast	Construction of the high-speed railways connecting Kemerovo oblast with Novosibirsk and Tomsk oblasts, Krasnoyarsk and Altai krai, Khakassia and Altai republics. Development of multiregional tourist products.	Development of the coordinated with federal government and business enterprises strategy of coal-mining and processing industry. Development of the chemical, pharmaceutical, heavy machinery, hydrogen energy industrial clusters.
Omsk oblast	There is no section on interregional cooperation in the strategic planning document.	Development of the petrochemical, agrobiotechnical, timber, hi-tech machinery
Novosibirsk oblast	Priority partner regions are located outside Siberian macroregions. No projects are specified.	No partner corporations or projects are specified.
Tomsk oblast	Automobile road construction toward Kemerovo oblast in the south-east, toward Tyumen oblast in the north-west, and toward Novosibirsk oblast and Omsk oblast in the west. Railroad construction toward Kemerovo oblast. Power line construction toward Tyumen oblast.	Development of petrochemical (JSC "SIBUR", JSC "Vostokgazprom", State Corporation "Rosatom"), nuclear technologies ("Rosatom"), timber, pharmaceutical and medical machinery industrial clusters. Development of partnership road maps with large corporations in natural gas, oil extraction, power energy, and petrochemical industries.
Angaro-Eniseysk macroregion		
Irkutsk oblast	Bilateral agreements on economic and humanitarian cooperation with other regions (both inside and outside the Siberian macroregions). Multiregional investment projects under the auspices of the Siberian interregional association of economic cooperation	Development of the pharmaceutical, machinery, petrochemical, and construction industrial and tourism clusters.
Khakassia Republic	Multiregional infrastructure projects within the Eniseysk region (Krasnoyarsk krai, Khakassia Republic, and Tuva Republic)	Development of the aluminium cluster in partnership with JSC "RUSAL" with the assistance of Krasnoyarsk krai government
Krasnoyarsk krai	Joint infrastructure projects with Tuva Republic and Irkutsk region. Railroad construction toward Tuva Republic.	Government support of clusters development in non-ferrous metallurgy, energy sector, timber industry, mechanical engineering services, and innovation sector
Tuva Republic	Automobile roads construction: to Altai Republic and Novosibirsk oblast in the west and Khakassia Republic in the north. Bilateral agreements with other regions (both inside and outside the Siberian macroregions)	Railroad construction to the Elegest coal deposit (with the assistance of the federal government and Krasnoyarsk krai government)

Source: compiled by the author

oil, 50% of petroleum products, 80% of aluminium, 62% of refined copper, and 85% of nickel (calculated by the author based on the data of the Russian Federal State Statistic Service: [www.rosstat.gov.ru](http://www.rosstat.gov.ru)).

List of economic specialisations of Russian regions contained in the Appendix 1 to the Spatial Strategy reflects the fact that many of the regions belonging to the same macroregion share much of the same specialisation. There are predominantly agrarian regions in the South and Northern Caucasus, industrial Siberian regions specialise in raw materials extraction and primary processing, Ural regions specialise in ferrous metallurgy and mechanical engineering, and so on. Moreover, most macroregions include both relatively economically developed regions and economically depressed regions.

Similar economic specialisation in some regions creates an opportunity for interregional cooperation in sharing of expertise, R&D, exchange of specialists, and similar activities to help develop interregional industrial clusters. On the other hand, along with substantial divergence in economic development, it creates serious obstacles for mutually beneficial trade and other types of economic exchange. Therefore, interregional cooperation cannot be limited to a certain macroregion and should be viewed in a broader context of the country's economy as a whole and its external relations.

To ensure the fulfilment of plans for the formation of interregional industrial clusters along with infrastructure development and other projects related to mutual interests of different regions the proper coordination and communication among all interested parties is required, which, in turn, demands creation of the appropriate institutional setting on the federal, as well as the regional level. Development of specific forms of such institutions lies beyond the scope of this research and requires further elaboration. Suffice it to mention here, that coordination institutions should be created on the regional and the federal level, the latter – for the issues and projects that lie beyond the scope and authority of regional governments, especially in the negotiation process with the VICs.

Bakumenko et al. (2019) suggest the following algorithm for regions aiming at establishing partnerships with other regions:

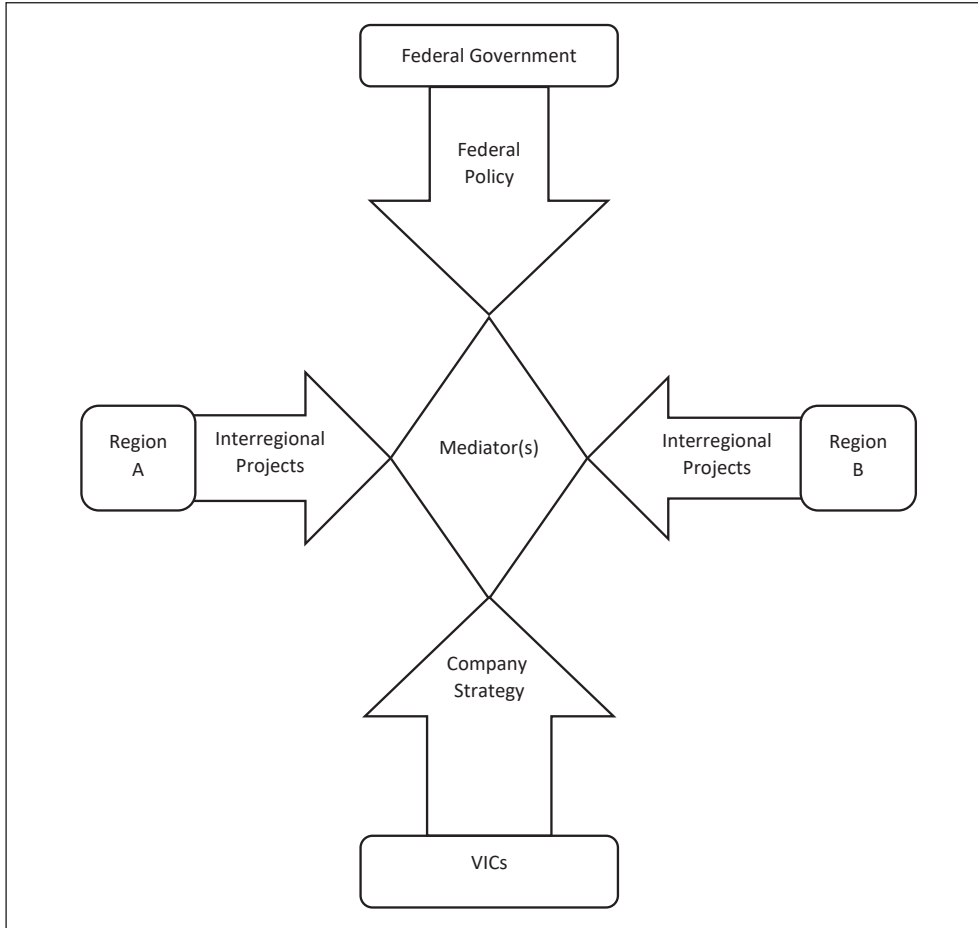
1. Internal environment analysis.
2. External environment analysis.
3. SWOT-analysis.
4. Evaluation of the discovered priority types of the interregional cooperation.
5. Recommendations for development of interregional cooperation.

A similar but less structured approach is suggested in Butakova et al. (2018). Based on the analysis of a region's environment and opportunities several priority fields for cooperation and potential partner-regions are identified, then different forms of partnerships are evaluated and the most promising are put into practice.

As we have pointed out in this article, the serious shortcoming of such an approach is the fact that it does not take into consideration the priorities of other interested parties. Thus, the necessary step, before any recommendations for interregional cooperation can be given, is the discussion of prospects for cooperation with potential partner regions and business enterprises. The general scheme for interregional cooperation is presented in Figure 3.

The federal government determines general industrial, infrastructural, and spatial priorities along with the principles and mechanisms of federal policy toward regional

Figure 3. The general scheme for interregional cooperation coordination in Russia



Source: compiled by the author

development and interregional cooperation. Regional governments along with other stakeholders of regional development determine priorities and projects for interregional cooperation in coordination with potential partner-regions and large enterprises. Both regional governments and the federal government create coordination institutions that help develop interregional initiatives, mitigate risks, and provide communication and conflict resolution mechanisms.

### CONCLUSION

The thirty years of experience in the development of the interregional associations of economic cooperation reflect the evolution of the federal policy toward regional development. Liberal political and economic reforms of the 1990s helped to strengthen the role of regions and contributed to development of interregional cooperation. The strengthening of the central authority and gradual departure from the principles of federalism led to a significant decline in regional autonomy and further development of

interregional links. The principles and instruments of Russian regional policy on the federal level have varied significantly from the 1990s, which sent conflicting signals to the regions in terms of federal government priorities including those in interregional cooperation.

The economic crisis that began in 2014 has led to the growth in regional disparities in terms of both economic development and citizens' welfare. As the consequence of this crisis, the trend toward regional budget deficit growth and the overall decline in the standards of living marked the period of the last three years. As a response to these and other challenges of regional development the Strategy for Spatial Development of the Russian Federation was adopted and put into practice. The main goal of the strategy implies decrease in regional disparities through development of regional economic specialisations and enhancement of interregional cooperation.

As this research showed, one of the key issues that hampers advancement of interregional cooperation in Russia is the lack of proper coordination and communication both between regions themselves and between regions, federal government and other stakeholders, namely the VICs. Better coordination requires creating a more complex institutional setting that will allow for the use of mediators both on the federal and regional levels to facilitate strategic planning process, interregional project development and conflict resolution.

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**Acknowledgement**

The work was supported by the Russian Foundation for Basic Research grant No. 20-010-00990

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