

Development Institutions in Small and Medium-Sized Cities of the Northwestern Federal District



Irina A. SEKUSHINA

Vologda Research Center, Russian Academy of Sciences

Vologda, Russian Federation

e-mail: sekushina.isekushina@yandex.ru

ORCID: 0000-0002-4216-4850; ResearcherID: Q-4989-2017

Abstract. In current realities, the formation of development institutions is one of the tools for ensuring stable socio-economic development of regions and municipalities. The activities of such institutions are aimed not only at enhancing the competitiveness of territories but also at improving the quality of life of the population. Without their effective operation, achieving sustainable progress in this direction under conditions of global uncertainty seems extremely difficult. The study aims to assess the presence and scale of development institutions for the economy and social sphere in small and medium-sized cities of the Northwestern Federal District. The paper discusses theoretical and methodological foundations of the formation and functioning of territorial development institutions and proposes a methodological approach for their typology. The study analyzes economic development institutions operating in small and medium-sized cities of the Northwestern Federal District. It was found that their activities are currently primarily focused on supporting settlements with a mono-profile economy. Twenty-six out of 138 cities in the district have the status of a single-industry town (monogorod), yet only seven of them are classified as territories of advanced socio-economic development (TOR). Industrial and technology parks are present in only four small and medium-sized cities across two regions (Leningrad and Vologda), and special economic zones are found only in the Kaliningrad Region. It was also found that entrepreneurship support centers “My Business” (Moy Biznes) are open in seven small and medium-sized cities of the Northwestern Federal District. Among the institutions for housing and urban development, the activities of the DOM.RF Fund were examined, whose effectiveness is evidenced by the growth of the urban

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environment quality index in all small and medium-sized cities of the federal district. Furthermore, the study explores social development institutions such as territorial public self-government and non-profit organizations.

Key words: small and medium-sized cities, development institutions, Northwestern Federal District, single-industry town, territory of advanced socio-economic development (TOR), special economic zone, territorial self-government, non-profit organizations.

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Introduction

Ensuring sustainable socio-economic development of territories is becoming one of the most urgent tasks of any state in the context of geopolitical turbulence and instability of the global economy. Among the key tools for achieving this goal are development institutions, specialized organizations designed to stimulate progress at all levels: from municipal to national. Development institutions are a catalyst for the comprehensive transformation of the economic and social sphere, actively involved in the development of public infrastructure, including improving the functioning of energy systems, modernizing transport networks, improving housing and utility services, expanding access to quality education and healthcare because it is impossible to talk about dynamic economic development and improving the quality of life without effective infrastructure. In addition, development institutions play an important role in stimulating innovation, creating a favorable environment for the introduction of new technologies and the development of knowledge-intensive industries. Moreover, they are actively working to eliminate imbalances in the economy, contributing to its diversification and reducing dependence on individual industries. This makes the economy more resilient to external shocks and changes in market conditions.

The modern scientific literature contains a large number of works devoted to the study of territorial development institutions. At the same time, most of them address the functioning of institutions at the federal or regional level, which are usually focused on large territories, which is understandable due to their wider representation and high importance in the development of national and regional economies.

The scientific community does not pay much attention to the problems of the formation and functioning of development institutions in smaller territories, especially in small and medium-sized cities. At the same time, 85% of Russian cities belong to this category of settlements, and every fifth Russian lives in a small or medium-sized city (Uskova, Sekushina, 2021). These settlements are important elements of the territorial structure of the state, since in many ways they form the basic framework of settlement and ensure the territorial integrity of the country. Small and medium-sized cities act as a link between large urban agglomerations and rural settlements (Rastvortseva, Manaeva, 2022; Servillo et al., 2017). The sustainable development of such cities contributes to creating conditions for the even development of regions, preserving cultural and historical heritage, and ensuring the availability of social services to the population, including adjacent rural areas (Sekushina, Voroshilov, 2020; Vaz, Leeuwen, 2013).

Taking into account the difficult demographic situation prevailing in most Russian small and medium-sized cities, as well as a number of existing socio-economic problems, assessing the institutional environment as one of the key factors for the sustainable development of these settlements is an urgent task in modern realities. The scientific problem lies in the lack of a holistic view of the institutions for the development of the socio-economic sphere operating in small and medium-sized cities, which creates serious obstacles to the effective management of territorial development.

In this regard, the aim of the work is to assess the availability and extent of the spread of economic and social development institutions in small and medium-sized cities of the Northwestern Federal District (NWFD).

We solved the following tasks to achieve it: 1) studying the theoretical and methodological foundations of the formation and functioning of development institutions; 2) working out a methodological approach to the typology of development institutions of small and medium-sized cities; 3) analyzing socio-economic development institutions operating in small and medium-sized cities of the Northwestern Federal District; 4) identifying problems and directions of development of the institutional environment in small and medium-sized cities.

Small and medium-sized cities of the Northwestern Federal District were chosen as the research object. The subject of the study is development institutions operating in these localities. The novelty of the work consists in designing a typology of institutions for the development of small and medium-sized cities, as well as diagnosing the institutional field for managing the development of these settlements and identifying existing problems in this area.

Theoretical and methodological foundations of the research

The rise of institutionalism as a trend of economic thought is closely related to the development of economic theory in the United

States in the 1920s. The leading scientists and founders of this scientific field were Thorstein Veblen, John Commons and Wesley K. Mitchell, whose work, in fact, laid the foundation for the further development of the institutional approach. At the same time, in world economics, the term “institute” itself is interpreted in different ways. Veblen considered institutions as, on the one hand, “a habitual way of thinking that people follow in their daily lives”, on the other, as specific ways of society’s existence that form a special system of social relations that determine the structure and functioning of society as a whole (Veblen, 1919). J. Commons interpreted the institution as a collective action, designed to control individual activity (Commons, 1970).

Modern institutionalism, represented by figures such as Douglas North, focuses on the ability of institutions to create “basic structures through which people throughout history have sought order and reduced their insecurity” (North, 1993). Institutions in this context are seen as the rules of the game that determine the incentives and constraints for economic activity.

In general, we can conclude that institutions represent a complex system of norms and rules governing public relations in specific sectors of the economy. The problem of their regulation affects many related fields of knowledge, including industrial organization theory, public sector economics, public administration theory, and many other disciplines (Ergunova et al., 2017).

In Russian science, the research of G.B. Kleiner (Kleiner, 2004), V.M. Polterovich (Polterovich, 2016), A.I. Tatarkin (Tatarkin, Kotlyarova, 2013) and other scientists is devoted to this problem. The theoretical foundations of institutional development are based on an understanding of two key aspects: institutions as norms and rules, and institutions as organizations. The former is a set of formal and informal rules governing the interaction of economic agents, while the latter represents specific structures that are subjects of economic activity and influence

the formation and change of the institutional environment. The relationship between them is two-way: the institutional environment creates conditions for the development of organizations, and those, in turn, become catalysts for institutional change, contributing to the improvement of rules and regulations in accordance with the needs of socio-economic development.

Currently, there is a wide variety of approaches to classifying development institutions. The key criteria are the nature of regulation (formal and informal institutions); scope (economic, social, political and environmental); geographical scope (determining the scope of action at the enterprise, industry or entire country level); territorial affiliation (municipal, regional, national or international level); industry specifics (transport, energy, housing and utility services, social sphere); the nature of influence (restraining and stimulating institutions; having a direct or indirect impact) (Semyachkov, 2020). The choice of specific criteria for the typology of development institutions is determined by the objectives of each particular study. Let us look at some of them.

Scientists at RAS Institute of Economics identify four levels in the current set of development institutions: federal, regional branches of federal institutions, regional and municipal institutions¹. Researchers pay special attention to the typology of federal development institutions. For instance, there are institutions of general economic orientation (Vnesheconombank, state corporations, etc.), sectoral (federal science cities, federal SEZs, Industrial Development Fund, etc.) and territorial (PSEDA – priority social and economic development area, Far East Development Fund, etc.). The work of E.M. Bukhval'd and A.V. Vilenskii presents a retrospective analysis of the formation of territorial development institutions in Russian

practice since the late 1980s. The authors consider development institutions primarily as instruments of the federal policy of regional development and regulation of the spatial structure of the Russian economy (Bukhval'd, Vilenskii, 2017).

Researchers at Vologda Research Center of RAS focus on the study of territorial public self-government and inter-municipal cooperation as institutions for the development of territories (Chekavinskii et al., 2017). It is of interest the methodological approaches proposed by the authors to assess their contribution to the socio-economic development of a region or municipality.

Modern works include extensive research on the study of regional development institutions (Ergunova et al., 2017; Ekimova, 2020; Idziev, 2021; Malkina, Vinogradova, 2024), including the analysis of regional strategies (Vol'chik et al., 2022), cluster policy institutions (Frolov et al., 2021; Hsu et al. al., 2013; Argüelles et al., 2014), the functioning of special economic zones (Karavaeva, 2024; Schweinberger, 2003). The paper (Ekimova, 2020) examines the foreign experience of the functioning of regional development agencies based on the materials of three regions of Great Britain (England, Wales and Scotland). The key conclusion reached by the author is that the use of such development institutions requires a thorough analysis of regional characteristics, since their effectiveness varies significantly depending on the territory.

Considerable attention is also paid to the study of urban development institutions, but this mainly concerns large cities. In particular, the work of scientists from the Institute of Economics of the Ural Branch of RAS (Popov et al., 2019) is devoted to the assessment of institutional support for the socio-innovative activities of large cities.

I.A. Bondarenko uses a problem-based approach: institutions for the development of Russian cities are considered from the point of view of problems relevant to specific localities. At the same time, attention is focused on the importance of developing the social, economic, institutional,

¹ Development institutions as a tool of regional policy: Scientific report. 2015. Moscow. Available at: https://inecon.org/docs/Vilensky_paper_20151222.pdf?ysclid=md8ib2vui4893141869 (accessed: 10.06.2025).

intellectual and natural infrastructure of the city (Bondarenko, 2020).

There are not many works in the scientific literature devoted to the study of development institutions specifically for small or medium-sized cities. One study analyzed the institutional factors determining the effectiveness of economic and social development tools in small cities (Bondarskaya, 2013).

The article by M.S. Oborin and co-authors examines the formation of institutions to support the innovative development of small cities, including single-industry ones. The authors assessed the institutional support of innovation activities using the example of three Russian regions. In particular, such institutions as technoparks, business incubators, industrial parks, as well as the Fund for the Development of Single-Industry Towns, which is currently no longer functioning, are being considered (Oborin et al., 2018).

Yu.G. Lavrikova and S.G. P'yankova focus on the development of single-industry towns and propose to introduce the concept of “the institute of strategic development of single-industry territories”, as well as the mechanism of their formation (Lavrikova, P'yankova, 2014).

The work of A.M. Turabayeva names the Institute of social entrepreneurship as one of the factors concerning the development of small cities. The researcher presents the primary classification of formal institutions supporting social entrepreneurship, while identifying several levels:

1) international institutions; 2) federal legislation and government programs; 3) state and quasi-state institutions, as well as private foundations and accelerators. In our opinion, this area is really of interest, since the social sphere of most Russian small and medium-sized cities is characterized by the presence of a number of problems, the solution to which may be the development of social entrepreneurship (Turabayeva, 2022).

Researchers at the Institute of Demographic Research of RAS rightly point out that at present, for many small cities, the problem of municipalities' dependence on decisions of the state authorities of the country and the region is relevant. In conditions when a significant part of significant taxes is under the jurisdiction of the federal level, and the distribution of budget transfers is controlled by the state, small and medium-sized cities, in fact, are deprived of any economic and political tools for the qualitative disclosure of their economic potential (Smirnov, Bezverbny, 2022).

In this context, it is important that the development policy of these settlements is aimed at stimulating independent development and carrying out activities primarily based on their own capabilities. The formation of development institutions in small and medium-sized cities can contribute to solving this issue.

In our opinion, conditionally all institutions for the development of small and medium-sized cities can be divided into economic and non-economic (*Tab. 1*). The activities of the former are mainly

Table 1. Typology of institutions for the development of small and medium-sized cities

Management level	Field of activity	
	Economic	Non-economic
Federal	Industrial parks, technology parks, PSEDA, SEZ, VEB, etc.	AO “DOM.RF”, public ot-for-profit organization “Territorial Development Fund”, FAU “Glavgosekspertiza of Russia”
Regional	Centers “My Business” (Moy Biznes), Development Corporation, Business Incubators, etc.	Capital Repair Fund for apartment buildings
Municipal	Investment commissioners in city administrations	NPO, territorial self-government, social entrepreneurship
Source: own compilation.		

aimed at developing the economy of the settlement, while the tasks of the latter are to support the functioning of social and housing and utility services, as well as the formation of a comfortable urban environment.

The second important criterion for the typologization of development institutions is the managerial level. According to it, all institutions can be conditionally divided into federal, regional and municipal ones.

The list of small and medium-sized city development institutions listed in table 1 is not exhaustive, especially at the regional and municipal levels. At the same time, the institutions we have cited are most widely represented in most Russian small and medium-sized cities. In the framework of this work, in accordance with this typology, the institutes of development of small and medium-sized cities in the regions of the Northwestern Federal District were analyzed.

Research results and discussion

There are 138 small and medium-sized cities located in the Northwestern Federal District (excluding cities located in the federal city of Saint Petersburg), while most of them are concentrated in the southwest of the district, while the northern part is characterized by a more dispersed location.

The majority of the considered settlements in the post-Soviet period faced a massive migration outflow, mainly of working-age population. Currently, natural population decline is an equally serious problem. Together, this leads to a reduction in social infrastructure – the closure of schools, hospitals, and a decrease in the number of jobs, which naturally leads to a decrease in tax revenues to local budgets. The lack of financing, in turn, limits investment opportunities in the development and modernization of transport and engineering infrastructure, which creates a vicious circle that exacerbates an already difficult situation.

For the successful development of small and medium-sized cities in the Northwestern Federal District, comprehensive government support measures are needed to create new jobs, stimulate investment inflows, and create attractive living and working conditions for the population. One of the tools for solving these problems is the institutions for the development of the economy, social and housing and utility services of small and medium-sized cities.

Economic development institutions in small and medium-sized cities of the Northwestern Federal District

The problem of single-industry economics is relevant for many small and medium-sized cities of the Northwestern Federal District. It definitely carries risks, including high vulnerability to economic crises and changes in market conditions, limited employment opportunities for the population, a decrease in the investment attractiveness of the city, which leads to the emergence of social problems such as the outflow of young people and specialists, increased social tension, a decrease in the quality of life, and degradation of the urban environment.

The issues of supporting single-industry towns have been repeatedly considered at the state level. In 2014, on behalf of the President of the Russian Federation, the Fund for the Development of Single-Industry Towns was established, and in 2016 the program “Integrated Development of Single-Industry Towns” was adopted. However, these tools cannot be fully described as effective. For instance, the Program was declared ineffective by the Accounts Chamber of the Russian Federation and ended ahead of schedule in 2019, the Fund was liquidated in 2021, and its powers were transferred to the state corporation VEB.RF.

In the Northwestern Federal District, 26 small and medium-sized cities have the status of single-

Table 2. Economic development institutions in small and medium-sized cities of the Northwestern Federal District

RF constituent entity	Single-industry town status	PSEDA	Industrial and technology parks	SEZ	Centers "My Business"
Republic of Karelia	Kondopoga Pudozhe Suoyarvi Pitkyaranta Kostomuksha Lahdenpohja Segezha	Kondopoga Kostomuksha	no	no	no
Komi Republic	Vorkuta Inta Emva	Emva	no	no	Vorkuta
Arkhangelsk Region	Onega Novodvinsk Koryazhma	Onega		no	Kotlas
Nenets Autonomous Area	no	no	no	no	Naryan-Mar
Vologda Region	Krasavino Sokol	no	no	no	no
Murmansk Region	Kirovsk Kovdor Olenegorsk Monchegorsk Zapolyarny	Kirovsk	no	no	Kandalaksha
Leningrad Region	Pikalevo Syasstroj Slatsy	Pikalevo	Kirishi (IE Levoberezhnyi) Gatchina (Northwest Nanotechnology Center) Pikalevo (IE Pikalevo)	no	Vyborg
Novgorod Region	Pestovo Borovichi	Borovichi	no	no	no
Pskov Region	Pechory	no	no	no	no
Kaliningrad Region	no	no	no	All cities of the region (Kaliningrad SEZ)	Sovetsk Baltiysk

Source: own compilation.

industry towns (*Tab. 2*). The Republic of Karelia (7 cities) and the Murmansk Region (5 cities) are the leaders in their number. There are three single-industry towns in the Komi Republic, Arkhangelsk and Leningrad regions, two in Vologda and Novgorod, and one in Pskov. There are no small and medium-sized cities with this status in the Kaliningrad Region and the Nenets Autonomous Area.

Accordingly, VEB.RF is potentially the most important institution for the development of single-industry towns. Currently, the state corporation implements both financial and non-financial support measures. Among the financial instruments,

the key is the provision of debt financing for the implementation of an investment project in the city, both under the guarantee of the SME Corporation and/or a bank guarantee (from 5 million to 1 billion rubles at 1% per annum for a period of 15 years), and under other collateral in accordance with the requirements of VEB.RF (from 250 million to 1 billion rubles at 5% per annum for up to 15 years). The organization also provides special products for single-industry towns with a federal emergency regime².

² Official website of VEB.RF. Available at: <https://b36.pф/podderzhka-monogorodov/finansovaya-podderzhka/> (accessed: 14.07.2025).

Non-financial support measures for VEB.RF includes various areas: training seminars for local governments, organization of festivals and sports events, development of concepts for the creation of event centers in single-industry towns.

However, in our opinion, it is important to note some nuances. First, not all municipalities included in the list of single-industry towns actually have a single-industry economy (Sekushina, 2024). Second, based on the data presented in open sources on the implemented VEB.RF in the context of measures aimed at the development of single-industry towns, it is difficult to assess how much funding was allocated for the implementation of projects in small and medium-sized cities, in particular in the regions of the Northwestern Federal District.

Another development institution is the priority social and economic development areas (PSEDAs) – economic zones with a special legal regime for doing business and preferential tax conditions. PSEDAs are mainly focused on supporting single-industry territories, since they are created in single-industry towns for a period of 10 years with the possibility of extension by decision of the Government of the Russian Federation for 5 years, as well as in closed administrative-territorial unit (CATU) for a period of 70 years.

The key objective of this institute is to create favorable conditions for attracting investments, ensuring accelerated socio-economic development and creating comfortable living conditions. In particular, organizations operating on the PSEDA are granted tax benefits on profits (to the federal budget – 0% for 5 years, to the regional budget – no more than 5% for 5 years, for the next 5 years to the regional budget – no less than 10%), on property and land (0% for 5 years).

Among the small and medium-sized towns of the Northwestern Federal District classified as single-industry, only seven settlements have the status of PSEDA: Kondopoga, Kostomuksha (Republic of Karelia), Emba (Komi Republic),

Onega (Arkhangelsk Region), Kirovsk (Murmansk Region), Pikalevo (Leningrad Region), Borovichi (Novgorod Region)³.

The practice of creating industrial and technology parks as an institution of economic development of territories is used in the Leningrad, Novgorod, Kaliningrad, Vologda regions and the Komi Republic. At the same time, it is in small or medium-sized cities that these development institutions operate only in the Leningrad (Pikalevo Industrial Parks, Pikalevo; Levoberezhny, Kirishi; Northwestern Nanotechnology Center, Gatchina)⁴ and Vologda (Sokol Industrial Park, Sokol) regions.

Special Economic Zones (SEZ). As a development institution, they are also rarely established on the territory of small and medium-sized cities. Here we can only mention the Kaliningrad Region, the entire territory of which has the SEZ status. As of the end of June 2025, 327 residents were registered on its territory, of which 100 are legally functioning in small and medium-sized cities. The cities of Svetly, Chernyakhovsk and Gusev are the leaders in their number – 24, 17 and 10 residents, respectively. However, there are cities in the region where no SEZ resident (Neman, Primorsk) or only one (Krasnoznamensk, Ozersk, Polessk) is registered⁵.

At the same time, in our opinion, even if the city is not located on the SEZ territory, but in close proximity to it, there will still be positive effects for its development. In particular, the Ust-Luga industrial and production SEZ has been established in the Leningrad Region, located within an hour's distance by road from the city of Kingisepp (50 km).

³ Official website of the Ministry of Economic Development of the Russian Federation. Available at: <https://invest.economy.gov.ru/territorii-operezhayushchego-socialno-ehkonomicheskogo-razvitiya/main> (accessed: 14.07.2025).

⁴ Register of industrial (technology parks). GISP. Available at: https://gisip.gov.ru/gisip/reg_ind_parks (accessed: 14.06.2025).

⁵ Administration of the Special Economic Zone in the Kaliningrad Region. Available at: <https://oez.gov39.ru/reestr> (accessed: 14.07.2025).

Special economic zones of the Novgorodskaya and Moglino industrial production types have been created in the Novgorod and Pskov regions, respectively. However, they are geographically located near large cities such as Veliky Novgorod and Pskov, at a distance from small and medium-sized cities. Also in 2025, the Vologda SEZ was opened in the Vologda Region, 17 km from the administrative center (Vologda).

Centers “My Business” (Moy Biznes) represent one more institution for the economic development of territories. Currently, they operate in 88 regions of the Russian Federation⁶. They are mainly aimed at helping small and medium-sized businesses, as well as the self-employed, to open and develop their businesses. As a rule, these development institutions are opened in the administrative centers of the regions, but there are examples of their functioning in small and medium-sized cities. For example, in the Northwestern Federal District, centers “My Business” are open in Vorkuta, Kotlas, Kandalaksha, Vyborg, Sovetsk, Baltiysk and Naryan-Mar, which belongs to the category of small towns and is the regional capital.

Institutions for the development of social and housing and utility services in small and medium-sized cities of the Northwestern Federal District

Institutions for the development of the non-economic sphere of small and medium-sized cities are represented in small numbers. One of the main institutions for the development of the housing sector in Russian cities is currently the DOM.RF Fund, which was established in 2016 on the basis of directives from the Government of the Russian Federation to implement programs aimed at creating a favorable environment for human activity and society. Currently, the Fund has implemented about 400 projects for the development of the urban environment. Its key tasks are to design

urban development concepts, create master plans, develop design codes for the urban environment, etc. In addition, the Fund implements large-scale projects for the improvement of public spaces and the creation of socio-cultural facilities.

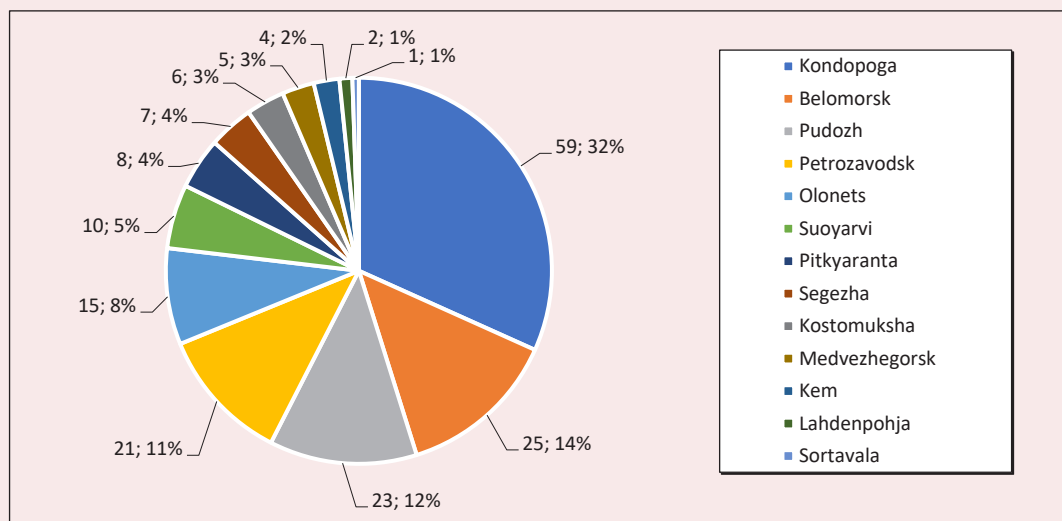
The effectiveness of this urban development institution can be judged to a certain extent based on the results of an analysis of the dynamics of the urban environment quality index (UEQI) in small and medium-sized cities of the Northwestern Federal District, calculated annually by the Ministry of Construction of the Russian Federation.

One of the positive trends is the improvement of their landscaping. Currently, 112 out of 138 small and medium-sized cities have a favorable urban environment. In the period from 2018 to 2024, particularly noticeable changes occurred in the Novgorod, Kaliningrad and Leningrad regions: the average value of UEQI in small and medium-sized cities in these regions increased by 73, 61 and 57 points, respectively. The leaders in the quality of the urban environment are the small towns of Zelenogradsk (291 points, Kaliningrad Region), Kudrovo (285 points, Leningrad Region) and Staraya Russa (278 points, Novgorod Region). The UEQI values in these settlements even exceed those of large cities in the Northwestern Federal District.

Based on the results of data analysis in the context of the NWFD subjects, we can conclude that the best situation with the urban environment quality is in the Novgorod Region, where the average UEQI in small and medium-sized cities is 247 points. This is the highest indicator among the regions of the Northwestern Federal District. The growth rate of this indicator is also the highest: the UEQI increased by 73 points in 2018–2024. According to the data for 2024, the highest UEQI is in the cities of Staraya Russa (278 points), Borovichi (260 points) and Valdai (259 points), which, nevertheless, is lower than the indicators of the administrative center – Veliky Novgorod (288 points).

⁶ MoyBiznes.RF. Available at: <https://мойбизнес.рф/about/?ysclid=md4jb4ujvz678898450> (accessed: 14.07.2025).

Number of TSG operating in the cities of the Republic of Karelia in 2025



Source: Register of territorial self-governments of the Republic of Karelia as of June 6, 2025. Available at: <https://xn----7sbbupjdsxf1p.xn--p1ai/tos/reestr/?ysclid=md5piowcxw229608522>

However, the problem of an unfavorable urban environment is still relevant for small and medium-sized cities in the Vologda and Arkhangelsk regions. In the cities of Babaevo, Krasavino, Nikolsk, Velsk, Kargopol, Nyandoma, Onega, Solvychevodsk, the UEQI values are less than 180 points.

The institution of territorial self-government (TSG), although not a formal tool for the development of territories, however, in our opinion, plays an important role in solving issues of urban improvement. It is important to note that, unfortunately, there is currently no well-established accounting system for TSG work. This significantly complicates the analysis of the prevalence of this institution and the assessment of its effectiveness. In the Arkhangelsk, Kaliningrad and Novgorod regions, lists of existing TSG are publicly available, but the information in them is presented only in the context of urban districts or municipal districts, which does not allow analyzing data on their number specifically in small and medium-sized cities. Among all the subjects of the Northwestern Federal District under consideration, the most complete information is provided for only one region – the Republic of Karelia.

As of the beginning of June 2025, 601 TSG units are operating in the region, with less than 1/3 (186 units) in cities (Figure). This territorial development institution is more widespread in small towns than in the regional center of Petrozavodsk. The leader in the TSG number is Kondopoga, where 59 such organizations are currently established. TSG is also actively used in Belomorsk (25 units) and Pudozh (23 units), however, in the cities of Sortavala (1 unit) and Lahdenpohja (2 units), on the contrary, its popularity is extremely low.

The analysis of the effectiveness of the TSG results is beyond the scope of this study, moreover, information about their activities is presented in fragments. It is difficult to assess the contribution of territorial self-government to the socio-economic development of the city. Existing methods for evaluating the effectiveness of state and municipal structures are simply not suitable for analyzing the activities of organizations such as TSG. Unlike enterprises, whose effectiveness is easily assessed by financial indicators, the TSG success is measured by more complex and qualitative characteristics.

It is difficult to determine how effectively one or another TSG solves such problems as road repairs, playground improvements, landscaping, ensuring safety and accessibility of social services. All these factors are difficult to quantify, but they are critically important for assessing the real impact of TSG.

At the same time, in our opinion, the TSG activities in general as an institution for urban development can be assessed positively, mainly due to the use of such a tool as proactive budgeting.

Non-profit organizations (NPOs) are another institution for the development of local territories. As part of the study, we analyzed the number of NPOs registered in small and medium-sized cities of the Northwestern Federal District (*Tab. 3*). It is natural that the Leningrad Region is the leader in this indicator, in which almost half of the organizations (1,154 units) operate in small or medium-sized cities, since there is only one large city in the region – Murino.

Table 3. Number of NPOs registered in small and medium-sized cities of the NWFD

City	Number of NPOs, units	Share of NPOs number in the region, %	City	Number of NPOs, units	Share of NPOs number in the region, %	City	Number of NPOs, units	Share of NPOs number in the region, %
Kaliningrad Region	2,048	100	Leningrad Region	2,433	100	Arkhangelsk Region	1,730	100
Chernyakhovsk	59	2.88	Gatchina	184	7.56	Kotlas	83	4.80
Sovetsk	46	2.25	Vyborg	123	5.06	Novodvinsk	46	2.66
Svetly	39	1.90	Vsevolozhsk	96	3.95	Koryazhma	38	2.20
Svetlogorsk	36	1.76	Sosnovy Bor	74	3.04	Velsk	36	2.08
Gusev	35	1.71	Kingisepp	64	2.63	Nyandoma	23	1.33
Baltiysk	34	1.66	Tosno	58	2.38	Mirny	22	1.27
Zelenogradsk	32	1.56	Kirishi	57	2.34	Kargopol	17	0.98
Gurievsk	30	1.46	Tikhvin	51	2.10	Onega	11	0.64
Pionersky	25	1.22	Luga	48	1.97	Shenkursk	7	0.40
Gvardeysk	21	1.03	Volkhov	45	1.85	Mezen	5	0.29
Neman	16	0.78	Kudrovo	33	1.36	Solvychegodsk	3	0.17
Mamonovo	15	0.73	Kirovsk	30	1.23	Total NPOs in SMSC	291	16.82
Nesterov	14	0.68	Sertolovo	28	1.15	NAA	81	100
Ozersk	14	0.68	Priozersk	26	1.07	Naryan-Mar	60	74.07
Pravdinsk	13	0.63	Slantsy	23	0.95	Novgorod Region	863	100
Bagrationovsk	9	0.44	Podporozhie	22	0.90	Borovichi	50	5.79
Polessk	9	0.44	Nikolskoye	21	0.86	Staraya Russa	20	2.32
Slavsk	9	0.44	Lodeynoye Pole	20	0.82	Valdai	16	1.85
Ladushkin	8	0.39	Bokситогorsk	18	0.74	Pestovo	15	1.74
Krasnoznamensk	5	0.24	Volosovo	18	0.74	Chudovo	11	1.27
Primorsk	1	0.05	Kommunar	18	0.74	Okulovka	8	0.93
Total NPOs in SMSC	470	22.95	Otradnoe	16	0.66	Soltsy	4	0.46
Vologda Region	1,649	100	Pikalevo	15	0.62	Malaya Vishera	3	0.35
Veliky Ustyug	30	1.82	Ivangorod	14	0.58	Kholm	1	0.12
Sokol	29	1.76	Schlisselburg	14	0.58	Total NPOs in SMSC	128	14.83
Totma	26	1.58	Svetogorsk	10	0.41	Pskov Region	1,117	100
Belozersk	18	1.09	Novaya Ladoga	7	0.29	Velikiye Luki	93	8.33

End of Table 3

City	Number of NPOs, units	Share of NPOs number in the region, %	City	Number of NPOs, units	Share of NPOs number in the region, %	City	Number of NPOs, units	Share of NPOs number in the region, %
Gryazovets	18	1.09	Kamennogorsk	6	0.25	Ostrov	23	2.06
Ustyuzhna	15	0.91	Primorsk	5	0.21	Pechory	19	1.70
Babaevo	14	0.85	Luban	4	0.16	Nevel	14	1.25
Kirillov	12	0.73	Syasstroy	3	0.12	Porkhov	14	1.25
Nikolsk	11	0.67	Vysotsk	2	0.08	Dno	12	1.07
Kharovsk	7	0.42	Koltushi	1	0.04	Opochka	12	1.07
Vytegra	5	0.30	Total NPOs in SMSC	1,154	47.4	Sebezh	10	0.90
Kadnikov	3	0.18	Murmansk Region	1,063	100	Novosokolniki	7	0.63
Krasavino	2	0.12	Monchegorsk	75	7.06	Pytalovo	6	0.54
Total NPOs in SMSC	190	11.52	Apatity	58	5.46	Gdov	4	0.36
Republic of Karelia	1322	100	Severomorsk	58	5.46	Pustoshka	4	0.36
Sortavala	52	3.93	Polyarnye Zori	34	3.20	Novorzhev	3	0.27
Kostomuksha	40	3.03	Kandalaksha	32	3.01	Total NPOs in SMSC	221	19.79
Kondopoga	33	2.50	Kirovsk	30	2.82	Komi Republic	1,280	100
Segezha	26	1.97	Kola	23	2.16	Ukhta	144	11.25
Olonets	21	1.59	Olenegorsk	18	1.69	Vorkuta	74	5.78
Lahdenpohja	19	1.44	Zapolyarny	17	1.60	Usinsk	47	3.67
Belomorsk	18	1.36	Kovdor	15	1.41	Pechora	35	2.73
Medvezhegorsk	13	0.98	Snezhnogorsk	15	1.41	Sosnogorsk	30	2.34
Pudozh	12	0.91	Polyarny	10	0.94	Inta	19	1.48
Pitkyaranta	11	0.83	Gadzhievo	5	0.47	Emva	10	0.78
Suoyarvi	7	0.53	Zaozersk	4	0.38	Mikun	8	0.63
Kem	6	0.45	Ostrovnoy	1	0.09	Vuktyl	5	0.39
Total NPOs in SMSC	258	19.52	Total NPOs in SMSC	395	37.16	Total NPOs in SMSC	372	29.06

Note: SMSC – small and medium-sized cities.

According to: data from the Ministry of Justice of the Russian Federation. Available at: <https://www.minjust.gov.ru/ru/pages/reestr-nekommercheskih-organizacij> (accessed: 10.07.2025).

The Kaliningrad Region ranks second, with 470 non-profit organizations registered in the localities under consideration. However, in terms of the share of the total number of NPOs in the region, it is inferior to the Murmansk Region, where 395 out of 1,063 NPOs (37%) are established in small and medium-sized cities. The lowest number of NPOs is in the Novgorod and Vologda regions – 128 units (14.8% of the total value in the region) and 190 units (11.5%), respectively, which is primarily due to the

higher proportion of the rural population compared, for example, with the Murmansk Region.

It is quite logical that in the context of the cities under consideration, the leaders are medium-sized cities – Gatchina (184 units), Ukhta (144 units), Vyborg (123 units), Vsevolozhsk (96 units), Velikiye Luki (93 units), since they are larger in terms of territory, population, and number of organizations. We should also note that in almost all regions there are cities where the potential of NPOs as a

development institution is practically not used: in Primorsk, Kadnikov, Krasavino, Lyuban, Syasstroy, Vysotsk, Koltushi, Zaozersk, Ostrovny, Solvychevodsk, Soltsy, Malaya Vishera, Holm, Gdov, Pustoshka, Novorzhev, less than five such organizations are registered.

In general, in our opinion, at present non-profit organizations for small and medium-sized cities can be considered not only as an element of civil society, but also as an institution of development. NPOs have significant potential to implement projects for which local governments have neither financial nor human resources. The activities of NPOs are more focused on solving problems in the social sphere, primarily due to the possibility of obtaining grant funding from the federal, regional budget or private foundations. Due to the limited budgets of local governments in small and medium-sized cities, this is sometimes almost the only opportunity to implement projects in the field of education, culture, tourism and sports.

However, based on the results of the analysis, we can conclude that the degree of prevalence of NPOs as a development institution in small and medium-sized cities of the Northwestern Federal District varies. In addition, the presence of registered NPOs and the effectiveness of their work for the development of the city are different concepts. The latter requires a deeper analysis, which may become the subject of further research on this topic.

Conclusions

Thus, based on the results of the study, we can draw a number of conclusions about the presence and activities of development institutions in small and medium-sized cities of the Northwestern Federal District.

1. Currently, there is an imbalance in the system of economic institutions for the development of small and medium-sized cities in the Northwestern Federal District, since most of them are aimed at supporting settlements with a single-industry economy. If a municipality is not formally included in the list of

single-industry towns, then it potentially cannot receive support of VEB.RF. In addition, PSEDA cannot be established on its territory. At the same time, the status of a single-industry town provides a number of economic advantages related to attracting investment, developing new industries and, as a result, creating new jobs, reducing unemployment, and in the long term, increasing tax revenues. In addition, the emergence of new enterprises is accompanied by a number of social effects: reducing the outflow of young people due to new employment opportunities, improving the well-being of the population, and modernizing local infrastructure in the case of municipal-private partnership projects.

2. Special economic zones, industrial and technology parks as economic development institutions are rarely found in small and medium-sized cities of the Northwestern Federal District. At the same time, the presence of a special status in a city does not always attract business, as evidenced, for example, by the fact that in some small and medium-sized cities of the Kaliningrad Region, very few or no SEZ residents are registered.

3. Centers "My Business" as an institution for entrepreneurship support have been opened in six medium-sized cities of the Northwestern Federal District (Vorkuta, Kotlas, Kandalaksha, Vyborg, Sovetsk, Baltiysk). In general, their activities contribute to the formation of a favorable environment for the development of small and medium businesses by providing consulting assistance to potential entrepreneurs in matters of business registration, taxation, promotion of goods and services on the market, etc. At the same time, it is difficult to give an accurate assessment of the effectiveness of this development institution, based, for example, only on information about the number of registered individual entrepreneurs, since this indicator is influenced by more significant factors: the economic situation, the state of the competitive environment, the availability of state support measures, etc.

4. Among the institutions for the development of the social and housing and utility services, the foundation DOM.RF can be identified as one of the most effective, as evidenced by the growth of the urban environment quality index in all small and medium-sized cities of the Northwestern Federal District. In addition, in some cities (Zelenogradsk, Kudrovo, Staraya Russa) The level of comfort of living is currently even higher than in regional centers.

5. TSG activities are also aimed at solving urban improvement issues. At the same time, it is difficult to assess the effectiveness of this institute, since there is currently no well-established system for monitoring the TSG activities. At the same time, in our opinion, it is important to take into account not only quantitative indicators, such as the number of projects implemented or the amount of investments attracted, but also qualitative aspects related to the level of civic engagement, the degree of satisfaction of the population with living conditions, the effectiveness of solving local problems and the overall improvement of the social environment. Developing such a monitoring system is a difficult but essential task. Without an adequate assessment, it is difficult to plan further financing and support for TSG, as well as encourage them to work more effectively for the benefit of the population.

6. Non-profit organizations can also be considered as one of the few institutions for the development of the social sphere in small and medium-sized cities. They are able to effectively

solve the tasks of improving the quality of life, developing infrastructure and attracting investments. However, the analysis showed that in some small and medium-sized cities of the Northwestern Federal District, the opportunities of NPOs are practically not used due to insufficient funding and excessive administrative barriers. The solution to the problem is seen in the development of tools to stimulate the activities of NPOs, the development of public-private partnership mechanisms, and the expansion of opportunities to attract private investment.

The theoretical significance of the conducted research lies in the expansion and systematization of scientific knowledge about the mechanisms of functioning and interaction of institutions that ensure the development of small and medium-sized cities, which contributes to the formation of a more complete theoretical framework in the field of urbanism and regional development. The results obtained in the course of the work form the basis for further empirical research and practical recommendations on the development of the institutional environment in small and medium-sized cities.

From a practical point of view, the research results can be used by representatives of both the state authorities of the constituent entities of the Russian Federation and local governments of small and medium-sized cities in improving the implemented policy regarding economic development institutions and the social sphere of municipalities.

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Information about the Author

Irina A. Sekushina – Candidate of Sciences (Economics), Senior Researcher, Vologda Research Center, Russian Academy of Sciences (56A, Gorky Street, Vologda, 160014, Russian Federation; e-mail: sekushina.isekushina@yandex.ru)

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