




Innovative Development of Regions under the Modern Conditions

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Abstract: The problem of sustainable growth of the country is one of the major tasks under modern conditions. Studying the results and trends in the socio-economic development of Russia and its regions allows tracing the efficiency of the state management programs, planning the measures for putting the economy on a growth path, and developing further solutions for effective management. Identification of patterns and trends in development encourages the increase of the probability of further development prediction and allows making timely adjustments to the strategic plans of the state and regions. This, in turn, contributes to more accurate resources planning, the organization of clear institutional interaction in the economic space of the country.

1 INTRODUCTION

In the modern economy, the role of regions as subjects of economic activity is increasing, since the problems, the solution of which will allow the transition to the sustainable development of the entire country, are solved exactly at the regional level.

The ability of regions to withstand external threats depends directly on the achieved level of socio-economic development of the territory. The key problem is that the development of the regions of Russia today is characterized by a rather strong differentiation of the territories in terms of economic development, which forms the presence of additional threats to stability.


To ensure the sustainable development of modern society, a transition to an innovative model of economic growth is necessary. This will require an annual increase in investment in the innovation sphere, significant costs for fundamental and applied research and the development of new technologies. All this causes the creation of an effective mechanism for financial support of innovative activities based on the attraction of public and private financial resources.


2 METHODOLOGY


For many decades, the problem of sustainable development has remained relevant for the world community. The most important factor ensuring the sustainable development of the world economy is innovation. In the developed countries of the world the results of innovative activities make up a significant part of the gross domestic product (GDP) growth, and the volume of investments in the innovation sphere is increasing annually. Innovation is one of the main national priorities for the leading economies of the modern world.

The development of the innovative activity, both in Russia and in any other country, is determined by the forms of its organization and depends directly on the level of funding. The transition of the domestic economy to an innovative model of economic development is impossible without an increase of investment in the innovation sector, costs for research and development, as well as making an effective national system for new technologies financing, which ensures large private capital raising to this sector.

This problem is especially relevant for Russian regions with a scarce natural resource base, limited

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export potential and relatively low investment attractiveness. One of the options for solving the problem of transition to a new quality of economic growth for the regions can be scientific knowledge, an increase in fundamental and applied research, the efficiency of practical implementation of innovations in production and the social sphere. This requires the creation of an effective mechanism for financial support of innovative activities, which would allow accumulating the requisite capital for the implementation of regional programs of scientific and innovative development based on cooperation of the potential of territorial authorities, research organizations, business and financial structures under the conditions of limited financial resources in the region.

The development of innovative infrastructure ensures the growth of innovative activity of economic entities of the regional economy.

Most of the country's technological, innovative, intellectual and production potential is concentrated in the regions. Therefore, it is extremely important to pursue a policy aimed at ensuring national modernization and sustainable development of the regions for the effective functioning of the economic activity of the country.

The increase in the rates of economic development will facilitate the increase in the innovation activity of the region, an improvement in the situation with its financial support, since it is the gross regional product growth that will expand the potential for attracting additional budgetary and extra-budgetary sources to the innovation process.

In recent years, innovations have had a great influence on the development of the socio-economic sphere of the region. Their introduction into all spheres of human activity provides the regions with the formation of sustainable development, which is based on innovative technologies and the innovative potential of the territory. Innovation is, first of all, a factor of economic development, since the development of innovative technologies, their introduction into production, the release of previously unknown types of products determine the prospects for long-term economic growth, and are also a solution to many socio-economic problems. The factors of innovative development are the structural elements of the regional economy.

The innovative potential of the region is a combination of financial, material, scientific and technical resources that are used in the realization of activities in economic development. To implement competently the innovation policy and form the sustainable development of the region, the country

needs to assess the effectiveness of the use of innovative potential. It consists of the following elements: infrastructure, financial, labor, information, technological resources, and their practical application. The Kaluga Region is characterized by the implementation of innovative potential through the production of high-tech goods and services, improving the quality of education, up-grading the qualifications of researchers and creating new jobs for them, increasing the share of innovative investment and financing in the region not only from investors but also from the country.

Realization of the concept of sustainable development, in particular, at the regional level, is an important condition for the progress of territories, countries and all of humanity, which is confirmed by the serious attention of authoritative international organizations, subjects of public authorities and administration, scientists and practitioners.

Under modern conditions, the development of industry and the national economy as a whole largely depends on the inflow of foreign capital. Therefore, it is necessary to create favorable conditions for foreign investments, but at the same time, of course, to ensure constant government control over their quality and reliability.

To solve the mentioned strategic tasks, the top-priority tactical goals are as follows: reducing the tax burden imposed on innovative enterprises, implementing a policy of protectionism in the field of new technologies, developing innovative infrastructure, supporting venture capital funding of innovative projects, supporting the export of high-tech products abroad, defining the list and implementation mechanism of the main innovative state projects for the next few years, the formation of favorable conditions for the development of small innovative business activity, comprehensive support for innovation-oriented enterprises, facilitation of the procedure for official registration of enterprises and organizations engaged in scientific and technical innovation. The implementation of these and other measures should sharply increase the stability and competitiveness of the regional economy as a whole and ensure the dynamic social development of the region and the economic security of the country.

The development of a regional strategy is largely based on the analysis of factors of the external and internal environment, in particular, resource potential, territorial geographic, geopolitical, economic and socio-cultural features, competitive advantages, risks, bottlenecks and restrictions. The restrictions that need to be considered in its formation and assessment can be very diverse and include, in

particular, limiting factors of a natural-geographical and geopolitical nature as well as resource, infrastructural, institutional, financial-economic, demographic nature. They affect the potential and opportunities for the development of the territory mainly negatively, although in some cases, there is a reverse effect due to the compensatory policy when the limitations of some factors stimulate additional opportunities for return from other ones.

3 RESULTS

According to the forecast of the Ministry of Economic Development of the Russian Federation for 2019-2020, economic growth was predicted only from 2021 up to 3.1-3.3% (Shardan et al., 2020), considering the implementation of economic digitalization programs, improving the business climate in the country, reducing administrative business barriers, etc. According to the Concept, real GDP growth was planned in 2020 by 64-66% compared to 2012. In reality, this did not happen: for the period from 2013 to 2019 it grew only by 5.8%. The same situation has arisen in actual revenues: according to the forecast an increase of 64-72% was expected; actually, starting from 2014 to the 3rd quarter of 2019, household incomes began to decline and the overall decrease was 5%. At the same time, according to other economic indicators, the dynamics was negative. In 2019, GDP growth amounted to 1.3% with positive dynamics in the industrial sector, construction, and retail trading. The volume of investments in fixed assets has also grown. But in 2019, the growth rate of the economy in these sectors was below the level of 2018. At the end of 2019, the Ministry of Economic Development of the Russian Federation predicted the growth of the domestic economy in 2020 by 1.7%; in fact, it decreased by 3.1% (\$ 226 billion).

The reasons for the drop in the GDP in 2020 are not only a pandemic, the introduction of quarantine restrictions, a decrease in employment, business economic and consumer activity, a decrease in the labor force and demand for labor, but also a significant decline in demand for oil, a reduction was 3.1% at the end of the year. The nominal volume of GDP in this year amounted to 106.6 trillion rubles.

The government took large-scale and targeted measures to adapt the business to the new working conditions, anti-crisis management, employment restoration, increase of unemployment payment (from 4.5 to 12.1 thousand rubles), incomes of the population, and direct targeted payments to the

population, the creation of a social treasury for social support for the population, which made it possible in a certain way to soften the "blows" to the economy. Economic growth in the future is planned to be ensured through accelerated technological development, growth in labor productivity and digitalization.

Failure of the strategic goals outlined in the Concept is not the result of adopting an optimistic forecast but is caused by the influence of the world economic and internal problems of the country. At the same time, some goals were retained for a longer period, but adjusted to consider new scientific and statistical studies, real events. So, a sustainable increase of the income of the population and the reduction of unemployment (no more than 5%) is planned already for 2021.

Medium-term trends in the socio-economic development of Russia are forecasted on the assumption that a decrease in the rate of world economic growth, the persistence of international trade contradictions, a slowdown in aggregate demand, a decrease in business activity, and a deterioration of the global investment climate are expected.

It is predicted that the measures of a unified plan to achieve the national development goals of Russia until 2024, which was approved by the Chairman of the Government of the Russian Federation dated 07.05.2019 No. 4043p-P13, should ensure the growth of the production potential of the domestic economy, its orientation towards the investment model of development, sustainable balanced growth, which, in turn, will lead to an increase in investment in fixed assets, an increase in the competitiveness of the domestic economy, the efficiency of the public sector, the development of science and research activities, an increase in labor productivity, an increase in real cash earnings and a decline in unemployment. The growth of industrial production, construction, agro-industrial complex and manufacturing industry is forecasted for this period.

Prospective tasks of the country's socio-economic development in the medium-term are to ensure the sustainable balanced economic growth, transition to an innovative development model and in the formation of an appropriate infrastructure and a new social policy.

In the context of the geopolitical situation of the recent years, an increasingly prominent place among the restrictions is taken by international restrictive measures, associated, in particular, with political confrontations, trade wars, global competition and attempts to redistribute markets and create a

multipolar economic world order. Table 1 gives a classification of limiting factors.

Table 1: Classification of limiting factors of the regional development.

Criterion of classification	Type of limiting factors
Origin	External Internal
Character	Natural (<i>geographic, demographic, environmental</i>) Sociocultural Political Economic (<i>resource, infrastructural, innovation and technological, structural and industrial, production and technical, foreign economic</i>) Institutional
Exposure time	Temporary Permanent
Nature of origin	Immanent Historically established Situational- behavioural
The degree of strategizing measures influence	Controlled Uncontrolled
The ability of negative impact compensation due to other factors	Compensable Non-recompensable
Level of influence on development opportunities	High level of influence Mean level of influence Low level of influence
Level of potential risk	High level of risk Mean level Low level
The presence of analogues in the world practice	Having analogues Not having analogues

Economic sanctions include restrictive measures of the influence of an economic nature introduced by one state or a group of states concerning a certain country/territory to force it to change its political course (Dzobelova and Olisaeva, 2018). Such sanctions have a long history and can have various nature, although trade and financial measures are most often mentioned in the literature. The main difference between sanctions and trade restrictions of a protectionist nature is the presence of a political

component as a cause of economic pressure on the country - the object of influence - for the purpose of “punishment”, forcing to terminate or prevent certain actions, including military ones, demonstrations of resolve and strength, attempts to undermine the internal political regime, enforcement to change course. There are many examples of economic sanctions starting from the ancient world to modern history; we can mention, for example, such well-known cases as the United States embargo against Cuba, the US, EU and G7 sanctions against Iran due to the Iran-Iraq war and Iran’s nuclear program, sanctions against the Soviet Union due to restrictions on the emigration of Soviet citizens imposed since 1974 under the Jackson-Vanik amendment to the US Trade Law, sanctions against the regimes of Fidel Castro, Salvador Allende, Saddam Hussein, Josip Broz (“Tito”) and other politically high-profile situations of using economic measures of pressure. In addition to economic sanctions, there are instruments of political influence that imply non-recognition or incomplete recognition of countries and territories, as a result of which they exist as subjects with an uncertain political status and do not have full rights in the foreign political arena and the global economic world order. The examples are the Turkish Republic of Northern Cyprus, which has existed since 1975 and has not yet been recognized by any country in the world, except Turkey, the partially recognized Republic of Kosovo, the Donetsk People's Republic and others. In such cases, political isolation brings on economic measures that impede the full functioning of the country or region.

Having originally an economic nature of the influence, sanctions have not only economic but also social consequences, which affects the quality of life of the population and significantly hinders the achievement of those goals of sustainable development that underlie modern regional strategizing.

4 CONCLUSIONS

The Russian economy is currently ranked 6th in the world. In terms of GDP, the country takes 11th place in the world ranking, and 50th in terms of GDP per capita. Over the last decade, there have been changes in the country, but in general, this period is characterized by the development of the country's economy. The exception is 2015, the negative results of which are not only a consequence of the imposition of sanctions against Russia in connection with the confrontation with Ukraine but also the consequence

of the global economic crisis. Today, the most problematic indicators are inflation, growth in public debt, demographic development and unemployment.

Differentiation and uneven development are observed across the regions of the country. Among the positive results of 2019, one can name a gradual reduction in the gap in the level of socio-economic development of the leading regions and outsider regions of the rating.

Fundamental transformations are taking place in the world economy, global politics, social life, technology development, which will subsequently influence the socio-economic situation of the country and its regions. Constant waves of crises in recent decades have made it possible to develop certain anti-crisis management measures. Given that the government has recently switched to operational monitoring and management and a quick response to emerging problems, the undertaken measures are impossible to be planned precisely. At the same time, existing and potential threats, positive trends make it possible to predict the socio-economic situation. Many trends in the socio-economic development of the country and regions that have emerged in recent years have been broken by quarantine restrictions due to the coronavirus pandemic and economic recession. The pandemic has intensified the existing problems in the regions. The old instruments of economic policy often do not work in the current realities. The way out for development and economic growth is the growth of development and implementation of innovative technologies, digitalization, and the solution of international problems.

Important components of the strategic management system for the sustainable development of the region in the context of sanctions and restrictions are the following: definition of the mission and vision of the region in the national and world system, taking into account geographical, natural, historical, cultural, ethnic, economic and socio-humanitarian characteristics, appropriate positioning and definition of key goals of the sustainable development of the region; carrying out of strategic analysis taking into account environmental factors, including limiting factors and sanctions, assessment of the degree of their influence, risk, compensatory measures and corresponding development drivers; flexible adjustment of goals; formation of goals and tasks for sustainable development of the region, considering the restrictive factors based on a scenario approach and a proactive management model, selection and coordination of a system of criteria and indicators that allow monitoring their achievement; determination of the

target image of the region based on an assessment of its vision by different groups of stakeholders in the context of the restrictive measures (the world community, geopolitical allies, economic partners, adjacent territories, participants of markets, population, business, government institutions, civil society institutions and others); formation of a system for monitoring indicators of sustainable socio-economic development, operational research and control of deviations in order to adjust activities based on taking into account the responsibility of the relevant institutions and structures for ensuring the achievement of target indicators; the formation of an informational and analytical environment that ensures the management of the region and the information transparency of society for all stakeholders, which is a resource that maintains reputation capital and “advertises” the territory through its presence in the global information space and the formation of trust on the part of society, business and the political establishment, both outside and within the region.

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