

## Assessment of the level of socio-economic development in municipal formations of the Vologda Oblast



**Nikolai Vladimirovich  
VOROSHILOV**

Junior Research Associate, Federal State-Financed Scientific Institution the Institute of Socio-Economic Development of Territories of the Russian Academy of Sciences (56A, Gorky Street, Vologda, 160014, Russian Federation, niks789@yandex.ru)



**Elena Sergeevna  
GUBANOVA**

Doctor of Economics, Professor, Head of the Finance and Credit Department, Federal State-Financed Educational Institution of Higher Professional Education “Vologda State University” (15, Lenin Street, Vologda, 160000, Russian Federation, gubanova\_elena@mail.ru)

**Abstract.** Socio-economic development of regions depends to a great extent on the state of economy and social sphere in its constituent municipalities, because this level of government provides basic services to the population, and ensures comfortable living conditions, which determines the growth of the standard of living and quality of life. Under the conditions of the increase in the differentiation of socio-economic development of territories it becomes especially important to identify and study groups (types) of territories with similar development factors, conditions and parameters in order to implement specific measures of regional policy. The authors propose and test a methodology of comparative analysis, which used different techniques of standardization of indicators, which makes it possible to assess the level of socio-economic development of municipal and urban districts in the Vologda Oblast, and to distinguish 5 types of territories on the basis of calculation of the integral index that aggregates 18 initial statistical indicators. The article shows that the highest level of socio-economic development is characteristic of the cities of Vologda and Cherepovets and adjacent areas; the farther from the oblast center, the lower this level.

The typological classification of the municipalities makes it possible to propose main directions and instruments of regional policy for territories with different levels of development.

**Key words:** Vologda Oblast, municipality, municipal district, urban district, level of socio-economic development, territorial differentiation, grouping, typological classification of territories.

One of the most important tasks of regional development is overcoming uneven socio-economic development of municipalities. Objective inequality of resources, conditions and development possibilities leads to territorial differentiation, and to significant differences by basic indicators of socio-economic development of the RF subjects and municipalities. Uneven development causes disparities in the standard of living of the population, its migration to more favorable territories, decline in development and “extinction” of communities. Such problematic areas require special support measures from the state and local governments.

The study of socio-economic processes has indicated that the differentiation of Russian regions is one of the highest in the world, and it is even more significant at the local level. The Vologda Oblast follows the

trend. As of January 1, 2014, there were 283 municipal structures, including 2 urban districts (Vologda and Cherepovets), 26 municipal districts, 22 urban and 233 rural settlements. *Table 1* presents a number of indicators clearly describing uneven socio-economic development of the region’s municipalities.

The table discloses that the gap between 26 municipal districts by per capita volume has increased from 30 times in 1991 to 733 times in 2013 in industrial production, from 10 to 19 times in agricultural production, from 2.5 to 160 times in investment. During the study period the social sphere is characterized by multidirectional changes, according to a number of indicators (in particular, wage rate, provision with doctors, housing, and retail trade turnover); however, differentiation is still hindering the region’s development.

Table 1. Ratio of maximum and minimum values among the municipal districts of the Vologda Oblast, times

Indicator	Year						
	1991	1996	2001	2006	2011	2012	2013
Volume of industrial production per person	29.9	40.6	78.8	47.7	537.3	366.2	733.5
Volume of agricultural production per person	10.1	10.1	9.7	20.1	19.6	19.6	19.1
Volume of investment in fixed capital per person	2.5	14.7	26.8	35.3	22.2	83.8	160.4
Average monthly nominal accrued wage	1.3	2.2	2.0	1.5	2.1	2.9	1.9
Retail trade turnover per person	1.3	3.0	2.8	2.5	1.7	1.8	1.9
Provision with doctors per 10000 people	2.8	2.8	3.6	3.5	3.4	3.4	3.0
Provision with housing, square meters per person	1.5	1.5	1.4	1.8	1.6	1.6	1.6

Note. The calculations hereafter are conducted by the authors on the basis of official statistical information on the regions and cities of Vologda region [6; 10; 11].

At the end of 2013 90% of the industrial production and 63% of all investment in value terms was concentrated in two urban districts of Vologda and Cherepovets, while 2/3 (63%) of agricultural production – in five territories surrounding these urban areas. This situation results in decreased possibilities and prospects for development of most peripheral areas, a lower life standard of the population and low investment activity.

However, the municipal government, being aware of the population's specific needs and interests, provides the necessary conditions. Moreover, most problems of socio-economic development are geographically localized at this level (municipalities, urban and rural settlements, urban districts, intra-city areas of federal cities) [3]. Therefore, the development of municipalities, where the specific features of territories, local resources and conditions can be assessed, largely determines socio-economic development of the territorial units of a higher level (a RF subject and the country in general).

Current regional mechanisms to manage the territorial differentiation of socio-economic development mainly aim to align the budget capacity of municipalities and they do not take into account the specifics of their socio-economic development, resources and potential. In order to ensure integrated and effective development it is necessary to elaborate a graded approach to regulatory impact, including the search for new forms and methods, on municipal formations on the part of a federation subject and on settlements on the part of municipal districts. This approach can be based on the typology of territories that identify administrative units with similar

resources, characteristics, trends and problems of socio-economic development.

The analysis of Russian economists' works has shown that there are two key approaches to make typological characterization: qualitative and quantitative. The first approach involves the selection of regions with similar quality characteristics, resources and development conditions (for example, cross-border, distressed, depressed and underdeveloped; old industrial, regions – “driving forces of growth”, strong, etc.). The second approach proposes making different integral ratings of territories<sup>1</sup> using a variety of socio-economic indicators and selecting groups of regions or municipal formations on this basis [1].

Nowadays the scientists have developed the method to assess the level of socio-economic development in regions and municipalities, as well as their potential, competitiveness, investment attractiveness, life quality of the population. Their main differences lie in the composition of the indicators used and the mathematical tools of their aggregation in the integral index. The original indicators in most cases are standardized (normalized) relative to the average or best value (standard).

<sup>1</sup> At the official level some documents have methods that calculate an integral index of the development level and the authorities' performance, etc., in particular, “Methodological recommendations “On the allocation of budgetary appropriations from the RF subject budget, grants to municipalities in order to promote and/or encourage the best performance values of local government, urban districts and municipal areas” [7], which calculate an integral index of local authorities' performance on the basis of 11 specific indicators. For the RF subjects in the early 2000s the “integral index of the deviation of the level of the RF subject's socio-economic development from the national average” was calculated in order to identify the amount of financing by the federal program “Reduction of differences...” [8].

However, most methods have shortcomings, such as a great number of indicators used for evaluation and complexity of the mathematical tools of their processing. This can complicate the interpretation of results; cause the alignment of obvious differences between actors when making standardization of initial indicators relative to better values, which in most cases are outlying data (significantly higher than in other regions) in some raw material regions [2].

In our opinion, it is worthwhile considering the methodological approach that uses multidimensional comparative analysis to assess the level of socio-economic development. It is an average degree of the region's (municipality's) achievement of values relative to the average, benchmark or best values [2]. The similar approach was used in the studies carried out by ISEDT RAS, reflected in [1; 4; 9; 12; 14].

This method is more preferable as it estimates the development level of regions [2] and municipalities [1].

The method presupposes the calculation of the integral indicator characterizing the level of socio-economic development of municipalities and aggregating initial statistical indicators and on this basis selection of five groups of territories. The algorithm we suggest using [2] for municipalities development estimation is presented below.

At the first stage on the basis of available official statistical information the list and blocks of indicators reflecting different aspects of socio-economic development of territories are formed. All data for all municipalities over a long period (not less than 10 years) are collected during the stage. Table 2 presents the list and blocks of data (considered in the monograph [9]), with some changes being made.

Table 2. List and blocks and indicators to calculate the integral index of the socio-economic development level

Block of indicators	Indicator
R <sub>1</sub> Demographic indicators	1. Fertility rate, ‰ 2. Mortality rate ‰ 3. Population density, people/square km (indicator only for districts)
R <sub>2</sub> Provision of amenities	1. Provision of housing – living space per person, square meters 2. Share of housing equipped with running water, in % of total 3. Share of housing equipped with sewerage, in % of total 4. Share of housing equipped with central heating, in % of total 5. Availability of places in institutions of culture and leisure type, number of places per 1000 people
R <sub>3</sub> Standard of living	1. Retail turnover per capita, rubles 2. Volume of paid services per capita, rubles 3. Ratio of average wage and subsistence minimum, times 4. Officially registered unemployment rate, % 5. Provision with doctors per 10000 people, people 6. Provision with hospital beds per 10000 people, units
R <sub>4</sub> Economy	1. Volume of industrial production per person, thousand rubles 2. Volume of agricultural production per person, thousand rubles (indicator only for districts) 3. Volume of investment in fixed capital per person, thousand rubles 4. Budget capacity (revenue) per person, thousand rubles

At the second stage the indicators that make up the blocks content are standardized relative to the average:

$$k_i = x_i / x_{cpi}, \quad (1)$$

$$k_i = x_{cpi} / x_i, \quad (2)$$

where  $k_i$  is a standardized coefficient, which is calculated by Formula 1 for direct indicators<sup>2</sup> and by Formula 2 for opposite<sup>3</sup>;  $x_i$  is a value of the  $i$ -th indicator in the municipality;  $x_{cpi}$  is an average value of the  $i$ -th indicator for all municipal districts and urban districts in the region (regional average) or municipal districts.

The indicators can be standardized (normalized) relative to the best and worst value for all studied territories:

$$k_i = \frac{x_i - x_{\min}}{x_{\max} - x_{\min}}, \quad (3)$$

$$k_i = \frac{x_i - x_{\max}}{x_{\min} - x_{\max}}, \quad (4)$$

$$k_i = x_i / x_{\max}, \quad (5)$$

$$k_i = x_{\min} / x_i, \quad (6)$$

where  $k_i$  is a standardized coefficient, which is calculated by formulas 3 or 5 for direct indicators and by formulas 4 or 6 for opposite;  $x_i$  is a value of the  $i$ -th indicator in the municipality;  $x_{\max}$  is a maximum value of the  $i$ -th indicator for all analyzed municipalities in the region;  $x_{\min}$  is an average value of the  $i$ -th indicator for all municipalities.

<sup>2</sup> The increase in the direct indicators values indicates positive trends and enhancement of the situation.

<sup>3</sup> The increase in the opposite indicators values indicates deterioration of the situation and problems in the development (mortality rate, registered unemployment rate).

When normalizing the values of standardized coefficients by formulas 3 and 4 and the synthetic indices by blocks, the integral index can be in the interval from 0 to 1.

To make different indicators comparable and eliminate “outlying data” (extreme minimum and maximum values) it is possible to use the z-transformation:

$$k_i = \frac{x_i - \bar{x}}{\sigma}, \quad (7)$$

where  $x_i$  is a value of the  $i$ -th indicator in the municipality;  $x_{cpi}$  is an average value of the  $i$ -th indicator for all municipalities;  $\sigma$  is standard (RMS) deviation by the indicator.

On the basis of standardized indicators the synthetic index was defined for each of the blocks ( $R_j$ ) by the following formula:

$$R_j = \left( \sum_{i=1}^n k_i \right) / n, \quad (8)$$

where  $n$  is a number of indicators in the block.

At the third stage the integral index of the level of the RF subject’s socio-economic development is calculated ( $I_{\text{total}}$ ):

$$I_{\text{total}} = (R_1 + R_2 + R_3 + R_4) / 4, \quad (9)$$

where  $R_1$  is an integral index by the block “Demographic indicators”;  $R_2$  is an integral index by the block “Provision of amenities”;  $R_3$  is an integral index by the block “standard of living”;  $R_4$  is an integral index by the block “Economy”.

At the fourth (final) stage the municipalities are grouped according to socio-economic development, which is defined by the following interval estimates of the integral indicator  $I_{\text{total}}$ :

Level	Range $I_{total}$	
	standardization by formulas 1 and 2	standardization by formulas 3 and 4
High	$I \geq 1.15$	$0.8 \leq I \leq 1.0$
Above average	$1.05 \leq I < 1.15$	$0.6 \leq I < 0.8$
Average	$0.95 \leq I < 1.05$	$0.4 \leq I < 0.6$
Below average	$0.85 \leq I < 0.95$	$0.2 \leq I < 0.4$
Low	$I < 0.85$	$0.0 \leq I < 0.2$

The selection of five gradations of the development level helps simplify the results interpretation and identify the similarities and differences in the development of municipalities. The interval span of 0.1 units (for standardization by formulas 1 and 2), in our opinion, is fairly optimal, since the regions of each group in this case are different from the regions of the neighboring groups by 10% on average by all indicators (for example, by the wage rate the districts differed by 25127 rubles on average in 2013. 0.1 is equal to 2513 rubles that amounts to one third of subsistence minimum in the region, which is rather significant).

This method was tested by means of state statistics of the Vologda Oblast; it gave the opportunity to evaluate the socio-economic development level (hereinafter SEDL) as a whole. The study results are presented in figures 1–3, tables 3 and 4. *Figure 1* shows the grouping of municipal districts and urban districts (Vologda and Cherepovets) region as of year-end 2013 (18 initial indicators are standardized relative to the regional average by formulas 1 and 2), which again clearly confirms the fact that the main economic activity is concentrated in two urban areas and their surrounding areas. Nineteen out of twenty-six districts

were in the group with the low level of development (the majority of the indicators in these areas lag behind the regional average and the urban districts values significantly). It gives the opportunity not to consider these cities in the study and focus only on municipal districts.

*Figure 2* (see also tab. 4) presents the grouping of the Vologda Oblast municipal districts by SEDL in 2000 and in 2013 (18 initial indicators are standardized relative to the regional average by formulas 1 and 2).

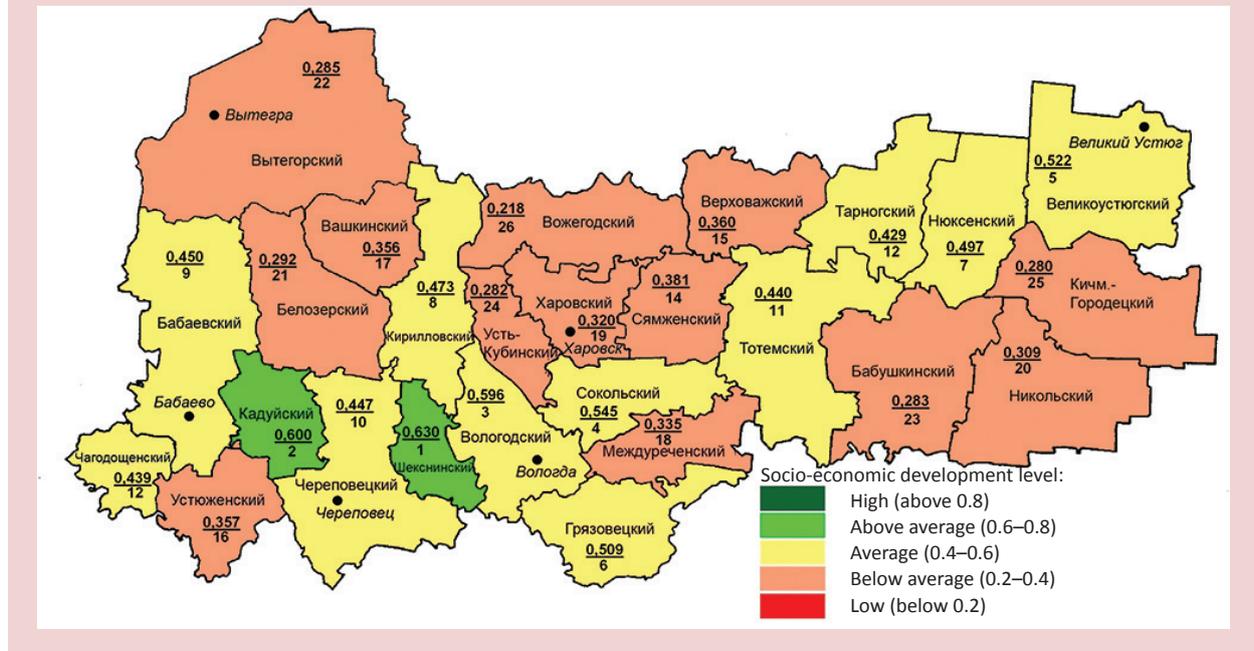
*Figure 3* shows the grouping of municipal districts in 2013 (18 initial indicators are standardized relative to the maximum and minimum values by formulas 3 and 4). So, there are no regions in the group with high and low level of socio-economic development. The leaders of the industrial production, Sheksninsky District and Kaduysky District are in the group with the above average development level, 11 districts – in the group with the average level, 13 – in the group with the below average level.

*Table 3* shows the grouping of the Vologda Oblast municipal districts by SEDL. The initial 18 indicators are standardized using the z-transformation by Formula 7.

The integral index characterizing the socio-economic development level of the Vologda Oblast districts (by 18 initial statistical indicators, standardized relative to the regional average) discloses that, in general, the situation has deteriorated in the region for 2000–2013. If in 2000 the group with the low level of development consisted of 8 regions, in 2013 – of 12 (*tab. 4*, see *fig. 2*). The number of districts with the high level of development remained unchanged; there were 6 districts in the group.



Figure 3. Grouping of the Vologda Oblast municipal districts in terms of socio-economic development in 2013 (standardization of the initial indicators relative to the maximum and minimum values)



As a whole, during the study period the deterioration of the socio-economic situation was observed in 6 municipalities (Cherepovetsky District, Totemsky District, Belozersky District, Nyuksensky District, Vytegorsky District, Vashkinsky District). Three districts (Gryazovetsky District, Kharovsky District, Tarnogsky District) moved to the group with the higher level of development.

In 2013 the group with the **high level** of socio-economic development consisted of Kaduysky District, Sheksninsky District, Sokolsky District, Chagodoshensky District, Vologdsky District and Gryazovetsky District. The first 4 districts are the region's leaders by per capita volume of industrial production (the value is 2.5 times higher than the regional average).

Vologdsky District, Gryazovetsky District and Sheksninsky District are leaders in the agricultural production.

All municipalities, included in this group, are quite attractive for investment; Kaduysky District, Chagodoshensky District and Gryazovetsky District range the 1st, 3rd and 4th, respectively, among the districts in terms of investment per person. In these areas the unemployment rate is low (except for Chagodoshensky District where it is above average). The share of housing equipped with water supply, sewerage and central heating (provision of amenities is above average), all the districts of this group take places not lower than tenth.

In 2013 the group with the **above average** level consisted of Velikoustyugsky District, with the values of individual indicators

Table 3. Grouping of the Vologda Oblast municipal districts by SEDL in 2013  
 (standardization of the initial indicators is carried out using the z-transformation)

SEDL	Municipal district
High	1. Sheksninsky (0.627); 2. Kaduysky (0.599); 3. Sokolsky (0.433); 4. Vologodsky (0.403)
Above average	5. Velikoustyugsky (0.359); 6. Gryazovetsky (0.333); 7. Tarnogsky (0.164)
Average	8. Kirillovsky (0.049); 9. Nyuksensky (0.046); 10. Totemsky (0.042); 11. Babaevsky (-0.019); 12. Cherepovetsky (-0.048)
Below average	13. Chagodoshchensky (-0.098); 14. Kharovsky (-0.171); 15. Syamzhensky (-0.184); 16. Verkhovazhsky (-0.248); 17. Ustyuzhensky (-0.275); 18. Nikolsky (-0.292)
Low	19. Mezhdurechensky (-0.380); 20. Belozersky (-0.380); 21. Vashkinsky (-0.395); 22. Ust-Kubinsky (-0.454); 23. Vytegorsky (-0.463); 24. Kichmengsko-Gorodetsky (-0.506); 25. Babushkinsky (-0.525); 26. Vozhegodsky (-0.556)
Note. In brackets next to the district name there is an integral index value indicating the level of socio-economic development.	

 Table 4. Distribution of the Vologda Oblast by the value of the integral index  
 of socio-economic development

District	Symbolic notation	2000		2013		2013 to 2000, +/-
		Absolute value	Place	Absolute value	Place	
Kaduysky	Ka	1.655	1	2.014	1	0
Sheksninsky	She	1.222	5	1.435	2	3
Sokolsky	So	1.265	4	1.320	3	1
Vologodsky	Vol	1.405	2	1.284	4	-2
Chagodoshchensky	Cha	1.202	6	1.221	5	1
Gryazovetsky	Gr	1.149	7	1.219	6	1
Velikoustyugsky	Vel	1.141	8	1.105	7	1
Cherepovetsky	Che	1.354	3	1.019	8	-5
Kharovsky	Kha	0.895	14	0.988	9	5
Tarnogsky	Ta	0.861	17	0.961	10	7
Totemsky	To	1.036	9	0.921	11	-2
Ustyuzhensky	Us	0.857	18	0.883	12	6
Kirillovsky	Ki	0.872	16	0.875	13	3
Babaevsky	Bb	0.930	12	0.866	14	-2
Ust-Kubinsky	UK	0.813	21	0.827	15	6
Mezhdurechensky	Me	0.840	19	0.820	16	3
Belozersky	Be	0.878	15	0.817	17	-2
Nyuksensky	Nyu	0.928	13	0.814	18	-5
Syamzhensky	Sya	0.755	24	0.794	19	5
Vytegorsky	c	0.957	10	0.790	20	-10
Verkhovazhsky	Ver	0.766	22	0.780	21	1
Nikolsky	Ni	0.693	26	0.759	22	4
Vashkinsky	Va	0.937	11	0.739	23	-12
Vozhegodsky	Vozh	0.818	20	0.739	24	-4
Babushkinsky	Bsh	0.756	23	0.676	25	-2
Kichmengsko-Gorodetsky	KG	0.709	25	0.661	26	-1
Average	-	0.988	x	0.974	x	x
Socio-economic development level is shown in the table as follows:						
High	Above average	Average	Below average	Low		

being lower than those of the regions-leaders. However, this district is characterized by high per-capita volume of industrial production, retail trade turnover and paid services and, at the same time, by a high unemployment rate (2.5 per cent). The latter is primarily caused by the shutdown of Krasavinovo flax-processing factory.

In 2013 Cherepovetsky District, Kharovsky District and Tarnogsky District areas belonged to the group with the average level of socio-economic development. The per capita volume of industrial and agricultural production in these municipalities (except for Cherepovetsky District) is below the regional average. In Kharovsky District per capita investment in fixed capital of the district's enterprises is one of the highest (2nd place) among the districts. The economic situation in this district is characterized by a high unemployment rate – 1.8% in 2012, with the regional average being 1.7%.

The demographic situation in Cherepovetsky District, Kharovsky District and Tarnogsky District areas remains poor. Thus, the mortality rate in Kharovsky District and Tarnogsky District is above average (18.0‰). The provision of the population with doctors and hospital beds per 10 thousand people is above average there. However, the provision of houses with water in Cherepovetsky District and Kharovsky District, sewerage in Kharovsky District and central heating in Tarnogsky District area does not exceed the regional average. In this group in 2013 the wage rate amounted to 1.9–2.6 of the subsistence minimum value of the working age population (the regional average – 2.3 times).

The situation in Totemsky District, Ustyuzhensky District, Kirillovsky District and Babaevsky District is a little worse. As of year-end 2013 they had the level **below average**. The per capita volume of industrial and agricultural production (except for Ustyuzhensky District) and investment in fixed capital is lower than the regional average. In two municipal formations in this group the registered unemployment rate is above average: 1.8% in Kirillovsky District and 2.0% in Ustyuzhensky District. Three districts out of these four (except for Totemsky District) are characterized by a low level of amenities provision: the share of housing equipped with water supply, sewerage and central heating is less than 43%.

The group with the **low level** of socio-economic development consisted of 12 districts (Ust-Kubinsky District, Mezhdurechensky District, Belozersky District, Nyuksensky District, Syamzhensky District, Vytegorsky District, Verkhovazhsky District, Nikolsky District, Vashkinsky District, Vozhegodsky District, Babushkinsky District, Kichmengsko-Gorodetsky District) in 2013. In these municipalities the per capita volume of industrial production does not exceed 23% of the index value, characteristic for the leading region. In ten districts the agricultural production and investment per person are also below average. In these areas the mortality rate is the highest (above 18.0‰); the provision of amenities and the per capita volume of paid services are low. The wage rate in all the districts (except for Nyuksensky and Vytegorsky) does not exceed 2.5 of the subsistence minimum value, indicating a low living standard.

It should be noted that the districts with low and below average levels of socio-economic development have a number of problems. However, by some indicators, several municipal formations of these groups were among the leaders. For example, in 2013 Mezhdurechensky District ranged the 1st in terms of housing equipped with running water and Ust-Kubinsky District – 4th in terms of per capita investment, Nyuksensky District – the 1st by the wage rate and Verkhovazhsky District, Nikolsky District and Kichmengsko-Gorodetsky District areas – the 1st–3rd by the fertility rate.

To identify the spatial differentiation of development of the Vologda Oblast territories we have studied the radial dependence of the socio-economic development (the integral index value, calculated by the ISED T RAS method; see fig. 2) on the distance from a district center to the city of Vologda (by the shortest route by road).

Thus, the average correlation index between the distance from district centers to Vologda and the 2000–2013 average integral index value is very insignificant (less than 0.4). There are districts with the high and above average level of development located at a considerable distance from the regional center (Velikoustyugsky District, Chagodoshensky District) and, on the contrary, there are districts with the low development level (Ust-Kubinsky District and Mezhdurechensky District) located at a short distance (less than 100 km). Though the general pattern is confirmed: the integral index value decreases if the district is located further from Vologda (fig. 4). A similar study has been carried out, for example, in the Moscow Oblast [5], where this dependence is much higher.

Figure 5 presents the dependence of the slope of the integral index trend (a slope coefficient of the linear trend for each district for 2000–2013) on the distance to the regional center. It should be noted that the relationship between the dynamics of the integral index in the districts and the distance from the district center to Vologda is practically absent.

Thus, the used methodological approaches reveal roughly the same picture: the level of socio-economic development and life quality is above average in the territories, “tending” to the emerging agglomeration “Vologda – Cherepovets”. The trends of these areas development are positive.

The districts are characterized by a significant proportion of the region’s production, investment and immigration. Most peripheral areas of the region (except for Velikoustyugsky District) have a low level of development and low investment attractiveness. Thus, the development is hindered and the population’s migration to cities and more favorable districts is encouraged.

To sum it up, the typology of the Vologda Oblast municipal formations in terms of socio-economic development helps identify the problem areas and determine the reserves, which can improve the sustainability of municipalities’ development.

We believe that the districts with different level and potential of socio-economic development require differentiated measures of support from regional authorities.

It will give the opportunity to outline priorities clearly, use allocated funds more efficiently and take into account the development specifics of such areas.

Figure 4. Dependence of the level of socio-economic development of the Vologda Oblast districts on the distance to the regional center

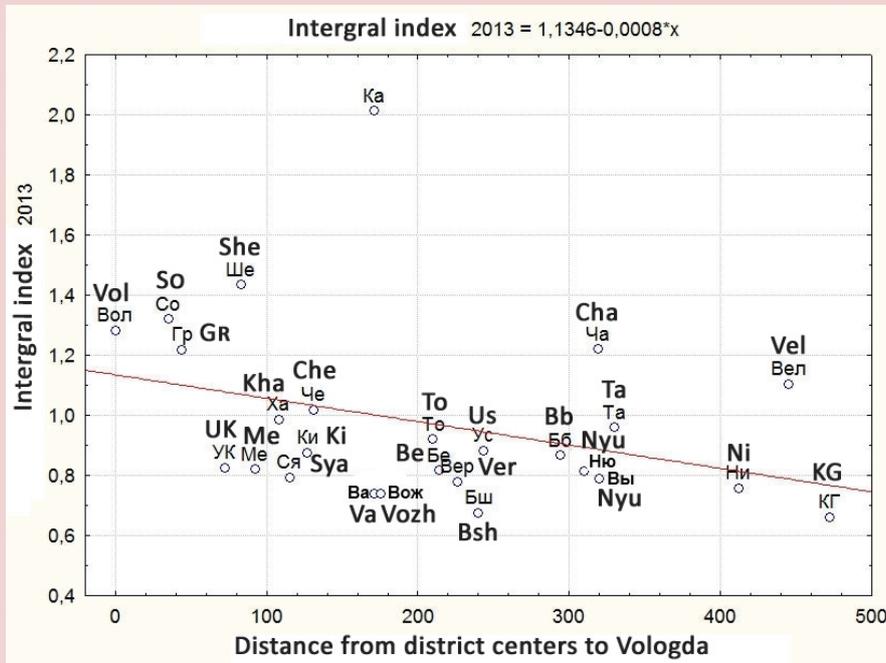


Table 5. Directions and tools of the state influence on the development of municipal formations

SEDL of a municipal formation	Direction and support from regional authorities
1. High and above average	<p><b>Directions</b></p> <ol style="list-style-type: none"> <li>1. Creating clear incentives for municipal authorities to support economic growth and ensure its comprehensiveness and balance.</li> <li>2. Providing opportunities for large investment in municipal and social infrastructure, which largely depends on the rates and prospects of development.</li> <li>3. Refusing subsidies for greater financial independence and prospects for sustainable growth.</li> <li>4. Ensuring the availability funding sources to implement significant for public investment projects for opening new production facilities, as well as the implementation of infrastructure projects.</li> </ol> <p><b>Tools</b></p> <ol style="list-style-type: none"> <li>1. Supporting the transfer to result-oriented budgeting and program-target management.</li> <li>2. Creating business incubators in the municipality.</li> <li>3. Improving inter-budgetary relations.</li> <li>4. Monopolists' prices control.</li> <li>5. Exhibitions, fairs, using the media to broadcast experience.</li> <li>6. Creating investment funds for the development of territories and support for civic initiatives and promoting promising development projects.</li> </ol>
2. Average	<p><b>Directions</b></p> <ol style="list-style-type: none"> <li>1. Supporting budget financing to implement promising projects.</li> <li>2. Organizational support for marketing of the territory, interaction with investors, other aspects of municipal and project management.</li> </ol> <p><b>Tools</b></p> <ol style="list-style-type: none"> <li>1. Subsidies and fiscal guarantees.</li> <li>2. Creation of business incubators in the municipality.</li> <li>3. Risks insurance.</li> <li>4. Exhibitions, fairs.</li> <li>5. Supporting the development of projects aimed at municipality's economy restructuring.</li> </ol>
3. Low and below average	<p><b>Directions</b></p> <ol style="list-style-type: none"> <li>1. Providing the population with necessary minimum infrastructure and social services.</li> <li>2. Maintaining the opportunity for the territory to be restructured (i.e. the opportunity to expand existing and opening new production facilities with more complex and efficient use of all available development resources), which involves the provision of financial and organizational support.</li> <li>3. Supporting the maintenance, reconstruction and construction of roads, ensuring transport accessibility, in general.</li> </ol> <p><b>Tools</b></p> <ol style="list-style-type: none"> <li>1. Grants, subsidies, subventions.</li> <li>2. Tax remissions.</li> <li>3. Creating business incubators in the municipality.</li> <li>4. Subsidies for the staff training.</li> <li>5. Expert examination of the development projects and budgets.</li> <li>6. Creating specialized structures and organizational units in the system of region's management.</li> <li>7. Using rewards and sanctions for state support measures.</li> <li>8. Providing consulting services.</li> <li>9. Enhancing the legislative acts regulating certain activities and the legal field.</li> </ol>

Source. Compiled by the authors with some data being taken from the monograph by I.V. Starodubovskaya "Problems of rural development in terms of the municipal reform in Russia" [13].

*Table 5* presents the directions of support and tools for three groups of territories (this grouping simplifies the interpretation of its results).

The districts of the first group that have relative opportunities for self-development require mainly indirect support from the state authorities, while the areas of the third group require direct support and regulation.

In addition, it is advisable to elaborate specific tools and mechanisms aimed at the implementation of differentiated policy for the municipal formations development, the reduction of territorial differentiation and overcoming its consequences.

These issues will be discussed in further publications.

### References

1. Voroshilov N.V. Teoreticheskie i prakticheskie aspekty otsenki urovnya sotsial'no-ekonomicheskogo razvitiya munitsipal'nykh obrazovaniy [Theoretical and Practical Aspects of Assessment of the Level of Socio-Economic Development of Municipalities]. *Molodye uchenye – ekonomike: sb. rabot molodezhnoi nauchnoi shkoly* [Young Scientists – to Economics: Collected Works of the Youth Scientific School], 2014, no. 14, pp. 66-88.
2. Voroshilov N.V., Gubanova E.S. Otsenka urovnya sotsial'no-ekonomicheskogo razvitiya regionov Rossii [Assessment of the Level of Socio-Economic Development of Regions of Russia]. *Ekonomika i predprinimatel'stvo* [Economy and Entrepreneurship], 2013, no. 12 (part 3), pp. 325-332.
3. Voroshilov N.V. Tendentsii i problemy razvitiya munitsipal'nykh raionov Vologodskoi oblasti [Trends and Problems in the Development of the Vologda Oblast Municipal Districts]. *Voprosy territorial'nogo razvitiya* [Territorial Development Issues], 2014, no. 1. Available at: <http://vtr.isert-ran.ru/?module=Articles&action=view&aid=3489>
4. Gutnikova E.A., Chekavinskii A.N., Voroshilov N.V. Sotsial'no-ekonomicheskoe razvitie munitsipal'nykh raionov Vologodskoi oblasti v 2000–2010 godakh [Socio-Economic Development of Municipal Districts in the Vologda Oblast in 2000–2010]. *Problemy razvitiya territorii* [Problems of Development of Territories], 2012, no. 5, pp. 23-34.
5. Mitroshin A.A. *Metody otsenki kachestva zhizni naseleniya i sotsial'no-ekonomicheskoi differentsiatsii territorii (na primere Moskovskoi oblasti): avtoref. dis. na soisk. uch. st. k.e.n.: 08.00.05* [Methods of Assessing the Quality of Life and Socio-Economic Differentiation of Territories (Case Study of the Moscow Oblast): Ph.D. in Economics Thesis Abstract]. Moscow, 2013. 23 p.
6. *Munitsipal'nye raiony i gorodskie okruga Vologodskoi oblasti. Sotsial'no-ekonomicheskie pokazateli. 2000–2013: stat. sb.* [Municipal and Urban Districts of the Vologda Oblast. Socio-Economic Indicators. 2000–2013: Statistical Collection]. Vologdastat. Vologda, 2014. 324 p.
7. O merakh po realizatsii Ukaza Prezidenta Rossiiskoi Federatsii “Ob otsenke effektivnosti deyatelnosti organov mestnogo samoupravleniya gorodskikh okrugov i munitsipal'nykh raionov” ot 28 aprelya 2008 g. № 607 i podpunkta “i” punkta 2 Ukaza Prezidenta Rossiiskoi Federatsii “Ob osnovnykh napravleniyakh sovershenstvovaniya sistemy gosudarstvennogo upravleniya” ot 7 maya 2012 g. № 601: Postanovlenie Pravitel'stva RF ot 17.12.2012 № 1317 [On the Measures to Implement the Decree of the President of the Russian Federation “On the Assessment of Performance of Local Authorities in Urban Districts and Municipal Districts” of April 28, 2008 No. 607 and Subparagraph “i” Paragraph 2 of the Decree of the President of the Russian Federation “On the Main Directions to Improve the System of Public Administration” of May 7, 2012 No. 601: Resolution of the RF Government of December 17, 2012 No. 1317]. *Konsul'tantPlyus* [ConsultantPlus].
8. O federal'noi tselevoi programme “Sokrashchenie razlichii v sotsial'no-ekonomicheskom razvitii regionov Rossiiskoi Federatsii (2002–2010 gody i do 2015 goda)”: postanovlenie Pravitel'stva RF ot 11 oktyabrya 2001

- g. № 717 [On the Federal Target Program “Reduction of Differences in the Socio-Economic Development of the Russian Federation Regions (for 2002–2010 and up to 2015)”: the RF Government Resolution of October 11, 2001 No. 717]. *Konsul'tantPlyus* [ConsultantPlus].
9. *Prostranstvennyye aspekty razvitiya regiona* [Spatial Aspects of the Region's Development]. Under general editorship of Doctor of Economics, Professor V.A. Ilyin. Vologda: Vologodskii nauchno-koordinatsionnyi tsentr TsEMI RAN, 2008. 298 p.
  10. *Raiony Vologodskoi oblasti v 1990–1999 godakh: stat. sbornik* [Districts of the Vologda Oblast in 1990–1999: Statistical Collection]. Vologdastat. Vologda, 2001. 384 p.
  11. *Raiony i goroda Vologodskoi oblasti. Sotsial'no-ekonomicheskie pokazateli. 2000–2010: stat. sbornik* [Districts and Towns of the Vologda Oblast. Socio-economic indicators. 2000–2010: Statistical Collection]. Vologdastat. Vologda, 2011. 348 p.
  12. Uskova T.V., Voroshilov N.V., Gutnikova E.A., Kozhevnikov S.A. *Sotsial'no-ekonomicheskie problemy lokal'nykh territorii: monografiya* [Socio-Economic Issues of Local Territories: Monograph]. Vologda: ISERT RAN, 2013. 196 p.
  13. Starodubrovskaya I.V., Mironova N.I. *Problemy sel'skogo razvitiya v usloviyakh munitsipal'noi reformy v Rossii* [Rural Development Issues under the Conditions of the Municipal Reform in Russia]. Moscow: In-t Gaidara, 2010. 116 p.
  14. Uskova T.V. *Upravlenie ustoychivym razvitiem regiona: monografiya* [Management of the Region's Sustainable Development: Monograph]. Vologda: ISERT RAN, 2009. 355 p.

### Cited works

1. Voroshilov N.V. Theoretical and Practical Aspects of Assessment of the Level of Socio-Economic Development of Municipalities. *Young Scientists – to Economics: Collected Works of the Youth Scientific School*, 2014, no. 14, pp. 66-88.
2. Voroshilov N.V., Gubanova E.S. Assessment of the Level of Socio-Economic Development of Regions of Russia. *Economy and Entrepreneurship*, 2013, no. 12 (part 3), pp. 325-332.
3. Voroshilov N.V. Trends and Problems in the Development of the Vologda Oblast Municipal Districts. *Territorial Development Issues*, 2014, no. 1. Available at: <http://vtr.isert-ran.ru/?module=Articles&action=view&aid=3489>
4. Gutnikova E.A., Chekavinskii A.N., Voroshilov N.V. Socio-Economic Development of Municipal Districts in the Vologda Oblast in 2000–2010. *Problems of Development of Territories*, 2012, no. 5, pp. 23-34.
5. Mitroshin A.A. *Methods of Assessing the Quality of Life and Socio-Economic Differentiation of Territories (Case Study of the Moscow Oblast): Ph.D. in Economics Thesis Abstract*. Moscow, 2013. 23 p.
6. *Municipal and Urban Districts of the Vologda Oblast. Socio-Economic Indicators. 2000–2013: Statistical Collection*. Vologdastat. Vologda, 2014. 324 p.
7. On the Measures to Implement the Decree of the President of the Russian Federation “On the Assessment of Performance of Local Authorities in Urban Districts and Municipal Districts” of April 28, 2008 No. 607 and Subparagraph “i” Paragraph 2 of the Decree of the President of the Russian Federation “On the Main Directions to Improve the System of Public Administration” of May 7, 2012 No. 601: Resolution of the RF Government of December 17, 2012 No. 1317. *ConsultantPlus*.
8. On the Federal Target Program “Reduction of Differences in the Socio-Economic Development of the Russian Federation Regions (for 2002–2010 and up to 2015)”: the RF Government Resolution of October 11, 2001 No. 717. *ConsultantPlus*.
9. *Spatial Aspects of the Region's Development*. Under general editorship of Doctor of Economics, Professor V.A. Ilyin. Vologda: Vologodskii nauchno-koordinatsionnyi tsentr TsEMI RAN, 2008. 298 p.

10. *Districts of the Vologda Oblast in 1990–1999: Statistical Collection*. Vologdastat. Vologda, 2001. 384 p.
11. *Districts and Towns of the Vologda Oblast. Socio-economic indicators. 2000–2010: Statistical Collection*. Vologdastat. Vologda, 2011. 348 p.
12. *Uskova T.V., Voroshilov N.V., Gutnikova E.A., Kozhevnikov S.A. Socio-Economic Issues of Local Territories: Monograph*. Vologda: ISERT RAN, 2013. 196 p.
13. *Starodubrovskaya I.V., Mironova N.I. Rural Development Issues under the Conditions of the Municipal Reform in Russia*. Moscow: In-t Gaidara, 2010. 116 p.
14. *Uskova T.V. Management of the Region's Sustainable Development: Monograph*. Vologda: ISERT RAN, 2009. 355 p.