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## Analysis of Regional Development Management Tools in the Nordic Countries

**Pavel V. Stroev**<sup>1</sup>, Cand. Sci. (Econ.), Associate Professor

**Roman V. Revunov**<sup>2✉</sup>, Cand. Sci. (Econ.), Associate Professor

<sup>1,2</sup> Institute of Regional Economics and Interbudgetary Relations of the Financial University under the Government of the Russian Federation, pr. Leningradskiy, 49/2, Moscow, Russia

<sup>1</sup> [pstroev@fa.ru](mailto:pstroev@fa.ru), ORCID: <https://orcid.org/0000-0003-4770-9140>

<sup>2</sup> [rrevunov@mail.ru](mailto:rrevunov@mail.ru) ✉, ORCID: <https://orcid.org/0000-0002-5089-4204>

**Abstract.** One of the main goals of Russian Federation state policy at the present stage is the formation of prerequisites for sustainable socio-economic development, accompanied by improvement of the quality of life of citizens through the elimination of existing interregional disparities. These circumstances determine the high relevance and scientific and practical significance of analyzing the world's best practices in regional development. In order to carry out such an analysis, we selected countries with geographical, natural and climatic conditions similar to the regions of the North-West of the Russian Federation: Norway, Sweden, Finland, and Denmark. The fundamental documents and organizational mechanisms of sustainable development by international organizations of which the Russian Federation is a member (in particular, the United Nations) were also considered. The use of general scientific methods of cognition (deductive, comparative, synthesis, analysis, modeling of socio-economic processes) made it possible to ensure a high level of reliability of the results and conclusions obtained by the authors. The main instruments for implementing the state policy of regional development of the Nordic countries are established: consistent consolidation of municipalities in order to simplify administration; high level of social spending, especially in terms of human capital development (education, healthcare, social protection); high level of government spending on development of road and transport infrastructure in order to ensure the territorial coherence of the country; targeted government support for various sectors of the economy (taking into account the specifics of territorial localization) in the form of direct participation in corporate capital, provision of preferential tax regimes, administrative preferences; cluster approach to organizing regional development, implying the identification of the core of economic activity due to the optimal combination of available resources, creation of administrative, organizational and economic conditions for intensifying growth rates; stimulation of interregional (intercountry) integration economic processes. The results of the study can be used by the government bodies and constituent entities of the Russian Federation in forming the directions and activities of the state policy of socio-economic development.


**Keywords:** *sustainable development, world experience, region, planning, tools, public policy, economics*

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## Introduction

Strategic planning documents for the Russian Federation<sup>1</sup> in general and for regional development<sup>2</sup> in particular outline the key targets for Russian state policy in the areas of socio-economic and territorial development for the medium and long term. Among the identified targets, the following can be highlighted: the formation of long-term factors for economic growth; the reduction of existing disparities in the socio-economic development of the Russian Federation's regions; the strengthening of the Russian Federation's competitiveness in global goods and services markets; the development of human capital; the strengthening of the connectivity of the Russian Federation's territory; and the improvement of the quality of life of Russian citizens.

Practical achievement of these targets implies improving the efficiency of public administration at the sectoral and regional levels, coordinating the efforts of the Russian Federation's state authorities and constituent entities in forming unified approaches to state policy on socio-economic development at the macro- and meso-levels. In view of the above, the relevance and scientific and practical significance of analyzing best international practices in organizing regional and macro-regional development management is undeniable. In the context of the research topic, countries with geographic and natural-climatic conditions similar to those in the north-western regions of the Russian Federation were selected for analysis: Norway, Sweden, Finland, Denmark, and Iceland. Fundamental documents and organizational mechanisms for spatial development of international organizations of which the Russian Federation is a member (in particular, the United Nations) were also considered.

## Materials and methods

The use of general scientific methods of cognition, in particular deductive, comparative, synthesis, analysis, and modelling of socio-economic processes, ensured a high level of reliability of the results and conclusions obtained by the authors. The information basis of the study was formed by materials from the World Bank, the Organization for Economic Cooperation and Development (OECD), the United Nations (UN), as well as the results of scientific research. The works of A.V. Masolygin [1] and A.O. Podoplekin [2, pp. 297–302] interpret the experience of socio-economic development in the Arctic regions of Canada, Norway, and the United States. M.E. Monastyrskaya and O.A. Peslyak [3, pp. 50–51] examine the specific features of urban development

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<sup>1</sup> Decree of the President of the Russian Federation of July 21, 2020 No. 474 "On the National Development Goals of the Russian Federation until 2030". URL: <http://publication.pravo.gov.ru/Document/View/0001202007210012> (accessed 21 June 2025); National Security Strategy of the Russian Federation, approved by Decree of the President of the Russian Federation of July 2, 2021 No. 400 "On the National Security Strategy of the Russian Federation". URL: <http://publication.pravo.gov.ru/Document/View/0001202107030001> (accessed 21 June 2025).

<sup>2</sup> State Program "Socio-Economic Development of the Arctic Zone of the Russian Federation" approved by Government Resolution of March 30, 2021 No. 484. URL: <http://publication.pravo.gov.ru/Document/View/0001202104020037> (accessed 21 June 2025); National Program for Socio-Economic Development of the Far East for the Period up to 2024 and for the Future up to 2035, approved by Order of the Government of the Russian Federation dated September 24, 2020 No. 2464-r. URL: <http://publication.pravo.gov.ru/file/pdf?eoNumber=0001202009280027> (accessed 20 June 2025); Strategy for Socio-Economic Development of the Siberian Federal District until 2035, approved by Order of the Government of the Russian Federation of January 26, 2023 No. 129-r. URL: <http://government.ru/docs/all/145780/> (accessed 21 June 2025).

management in the urbanized regions of the Scandinavian countries. Administrative and organizational-economic instruments for the development of Norwegian regions are analyzed by Amdam R. [4, pp. 104–106], Nakken K.<sup>3</sup>, Stein J. [5, p. 101]. The scientific works of Halkier H.<sup>4</sup>, Conigrave B., Hemmlings P. [6, pp. 12–14], Cornett A.P., Soerensen N.K. [7, p. 15] investigate the mechanisms of managing the socio-economic development of Northern European countries. Finland's experience in creating infrastructure for interregional socio-economic cooperation, including cross-border interaction, is discussed in the works of Ahokas J.<sup>5</sup>, Häyrynen-Alestalo M., Pelkonen, A., Teräväinen T., Waltari S-T. [8, pp. 18–21]. The organizational and economic tools for stimulating various sectors of the Swedish economy in the context of achieving sustainable development goals are analyzed in the works of Lundmark L, Demiroglu O, Nesterova I. [9, pp. 238–240], Sobha P., Krook-Riekkola A. [10, pp. 330–332], Zetterberg L., Eriksson M., Ravry C., Santosa A., Ng N. [11, pp. 807–810]. The analysis of pan-European integration mechanisms in relation to the conditions of the Nordic countries is presented in the works of Sotarauta M., Suvinen N., Jolly S., Hansen T. [12, pp. 99–105], Duhs L. [13, pp. 580–583], Garbis Z., McCarthy E., Orttung R.W. [14].

### **Results and discussion**

In 2015, the UN General Assembly (UNGA) approved the 2030 Agenda for Sustainable Development, developed with the participation of representatives of the Russian Federation. It defines the key goals related to sustainable development (the so-called Sustainable Development Goals (SDGs)). The creation of organizational, economic, administrative and legal conditions at the state level in UNGA member countries to ensure the achievement of the UN SDGs will make it possible to intensify socio-economic development on a global scale and mitigate the severity of environmental threats, mainly in the form of climate change.

According to the scientific perspective of the authors of the article, Sustainable Development Goal No. 11 — make cities and human settlements inclusive, safe, resilient, and sustainable<sup>6</sup> — including related objectives, best defines regional development priorities. The application of UN Sustainable Development Goals at the country level obliges states to ensure integrated territorial development, including through effective planning of urban, transport, logistics, and utility infrastructure, public spaces in cities and towns, the preservation of cultural and natural heritage, the use of scientific and engineering solutions to minimize the risk of natural disasters, and the preservation of interracial, interethnic, and interreligious peace.

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<sup>3</sup> Nakken K. Regional development policy in Norway — Helsinki, 27 November 2019, ESPON: European Territorial Observation Network. Luxembourg. URL: <https://policycommons.net/artifacts/3326630/regional-development-policy-in-norway-helsinki-27/4072519/on> 03 May 2024. CID: 20.500.12592/5vcq5s (accessed 21 June 2025).

<sup>4</sup> Halkier H. Policy Developments in Denmark: Regional Policy, Economic Crisis and Demographic Change. KatPlan. URL: [https://vbn.aau.dk/ws/portalfiles/portal/18793928/EoRPA\\_Denmark\\_\\_16\\_July\\_2009\\_HH\\_1\\_.pdf](https://vbn.aau.dk/ws/portalfiles/portal/18793928/EoRPA_Denmark__16_July_2009_HH_1_.pdf) (accessed 21 June 2025).

<sup>5</sup> Ahokas J. A comprehensive view of regional economic development in Finland. *50th Congress of the European Regional Science Association "Sustainable Regional Growth and Development in the Creative Knowledge Economy", 19-23 August 2010, Jönköping, Sweden*, European Regional Science Association (ERSA), Louvain-la-Neuve. URL: [https://www.econstor.eu/bitstream/10419/118887/1/ERSA2010\\_0469.pdf](https://www.econstor.eu/bitstream/10419/118887/1/ERSA2010_0469.pdf) (accessed 21 June 2025).

<sup>6</sup> United Nations. URL: <https://www.un.org/sustainabledevelopment/ru/cities/> (accessed 25 February 2025).

In order to achieve Sustainable Development Goal No. 11, UN experts have developed International Guidelines on Urban and Territorial Planning<sup>7</sup> (approved in 2015 by the Governing Council of the UN Human Settlements Programme). These International Guidelines present the distribution of planning and management functions between the decision-making levels of the extended state (hereinafter, the extended state is understood as the totality of state and municipal government bodies with the authority, established by national legislation, to regulate (manage) spatial (territorial) development):

- national (country) level (in particular, the creation of an interconnected and balanced system of agglomerations specializing in various types of economic activity), managing the movement of goods and capital flows, including cross-border ones; creating conditions for the involvement of macro- and meso-regions in the international division of labor and world trade<sup>8</sup>;
- interregional level (for example, the formation of a management (regulatory) framework for the socio-economic development of a region (group of regions), establishing links between rural and urban areas, protecting natural ecosystems from excessive (i.e., exceeding the natural capacity of natural ecosystems to regenerate) technogenic and anthropogenic impacts)<sup>9</sup>;
- municipal (local) level (e.g., designing and improving citywide public space systems or developing similar spaces in the interests of residents of several municipalities, creating conditions for investing in the modernization and development of urban life-support infrastructure, forming a unified approach to planning decisions on the territorial location of facilities and networks of facilities; developing a unified municipal (inter-municipal) balanced transport system; effective planning of municipal development of residential buildings and public infrastructure facilities taking into account the characteristics of a specific area, ensuring transport accessibility, minimizing social inequality, etc.<sup>10</sup>).

The relevant sections of the International Guidelines on Urban and Territorial Planning present modern concepts, theoretical and methodological approaches, and tools for developing territorial socio-economic structures and regional development configurations, as developed by UN experts. At the same time, the practical implementation of the ideas set out in the International Guidelines at the state level of UN member states implies the formation of a mechanism for delegating administrative and managerial powers between regulatory levels in order to create a toolkit for maximizing various components of the unique potential (natural and climatic, cultural, human, agricultural, industrial, transport and logistics, etc.) inherent in each specific region (group of regions), as well as taking into account factors that determine territorial specificity.

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<sup>7</sup> International Recommendations for Urban and Territorial Planning (UN). URL: [http://unhabitat.ru/assets/files/publication/Brochure\\_IG-UTP\\_Russian\\_small.pdf](http://unhabitat.ru/assets/files/publication/Brochure_IG-UTP_Russian_small.pdf) (accessed 21 February 2025).

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

The practical implementation of the aforementioned approaches to management at the micro-, meso-, and macro-levels allows for maximizing the advantages inherent in large territories, expanding the scope of synergy effects, and minimizing the limitations inherent in overpopulated regions.

In the context of this article, it is interesting to study the experience of regional development in Norway. Currently, the country's area is 355,200 km<sup>2</sup>. Among the distinctive features of Norway's geographic location, it is necessary to highlight its northern location (between 57 and 72 degrees north latitude), as well as its unique north-south "elongation", determined by the topography of the Scandinavian Peninsula (Chile has a similar territorial configuration). Norway has a population of about 5 million people<sup>11</sup>, with the south-eastern region of Østlandet being the most densely populated.

Norway's natural and climatic conditions are similar to those of other Russian regions, such as the Leningrad, Murmansk, and Arkhangelsk Oblasts and the Republic of Karelia.

Norway is one of Europe's largest producers of hydrocarbon raw materials. Natural gas and oil are mainly extracted from deposits on the North Sea shelf. The country also supplies iron ore, lead and nickel to the world market. For many years, a significant portion of the revenues from hydrocarbon exports has been accumulated in Norway's sovereign wealth funds, the main activities of which are presented in Table 1.

Table 1

*Main activities of Norway's sovereign wealth funds*<sup>12</sup>

Name	Main activities
Government Pension Fund — Norway (formerly Government Insurance Fund)	Invests in domestic assets and is a major holder of securities of companies listed on the Oslo Stock Exchange. In the 2010s, the Fund was used to stimulate the development of green economy sectors by acquiring shares and bonds of Norwegian companies that meet environmental and profitability criteria (e.g., in the renewable energy sector). As of June 2023, the value of the Fund's assets was 15.7 trillion Norwegian kroner.
Government Pension Fund — Global (Norwegian: Statens pensjonsfond utland, SPU)	Invests in assets abroad. As of September 2017, the Fund's assets exceeded 1 trillion US dollars. The Fund's portfolio primarily consists of securities of infrastructure companies (port, airport, and railway operators), as well as government bonds of various countries.

The key advantages of the model of operation of Norway's sovereign wealth funds presented in Table 1 are as follows: specialization in external and internal investments within independent structures contributes to improved management quality; a focus on direct participation in corporate capital increases business efficiency (in particular, it reduces the need for bank lending, thereby minimizing loan servicing costs, etc.); diversification of capital investments within the country and abroad reduces the risks associated with market fluctuations.

Among the key trends in the socio-economic development of Norway's regions in the period 1999–2019, which were due to the significant amount of funds and assets accumulated by sovereign wealth funds, it is important to note measures to diversify the economy, aimed at reducing depend-

<sup>11</sup> OECD Economic Surveys: Norway 2022. OECD Publishing, Paris. URL: [https://read.oecd-ilibrary.org/economics/oecd-economic-surveys-norway-2022\\_df7b87ab-en#page1](https://read.oecd-ilibrary.org/economics/oecd-economic-surveys-norway-2022_df7b87ab-en#page1) (accessed 10 March 2025).

<sup>12</sup> Source: compiled by the authors.

ence on commodity revenues, as well as large-scale investments in human capital development. These were the main goals of most of the additional revenues generated during the period of rising world oil prices (from a minimum of \$9.8 per barrel (December 1998) to a maximum of \$133.9 per barrel (July 2008)) [6, Conigrave B., Hemmlings P., pp. 10–12].

The structural transformation of the Norwegian economy was accompanied by a reduction in the share of the extractive sector in the country's GDP, a gradual increase in the share of the service sector, mainly due to an increase in the purchasing power of citizens as a result of growth in real incomes (including pensions). As Masolygin points out, Norway's exports had undergone changes: 75% of the oil and 95% of the natural gas produced in the country were supplied to foreign consumers, while the share of the oil and gas sector in the trade structure for the period 2000–2022 decreased from 75% to 62% [1, Masolygin A.V.].

One of the areas of Norwegian state policy is to stimulate non-energy, non-resource exports. The practical implementation of this involves creating favorable institutional and administrative conditions for companies organizing the production of various electronic devices (both household and industrial) from imported or domestically produced components and electrical circuits for further export. In addition to favorable administrative and tax regimes, additional factors that enhance competitiveness include the availability of qualified personnel and the relatively low cost of electricity. These circumstances make this model attractive to investors. Such a policy avoids the risk of deindustrialization of the country and reduces dependence on fluctuations in global prices for exported raw materials.

Due to natural and climatic factors, the leading sectors of Norway's agro-industrial complex are forestry and fisheries. One of the main centers for fishing and fish processing is the port city of Kirkenes, located beyond the Arctic Circle, on the shores of the Barents Sea. The Kirkenes regional fisheries cluster includes economic entities operating in the Arctic regions of Norway, Finland and Sweden, in particular companies engaged in servicing fishing vessels, accommodating seafarers, organizing their leisure activities, providing medical care between voyages, processing fish and transporting the products to consumers by rail, sea and road. The successful functioning of this type of regional economic cluster is due to the following factors: firstly, a unified approach to the formation of administrative conditions for doing business, developed by the Nordic countries (this will be discussed below); the ability to access capital from the State Pension Fund (Norway); accumulated experience in fisheries activities; the availability of qualified personnel. It is worth noting that the Murmansk Oblast of the Russian Federation, bordering Norway near Kirkenes, has not yet fully realized its competitive advantages associated with the presence of an ice-free port and access to the bio-resources of the Barents Sea.

One of the priorities of Norwegian government policy in the period 1995–2020 was the development of the social sphere, which is closely linked to the service sector. A significant portion of sovereign wealth fund revenues was invested in the development of human capital, including in the Arctic region of the country. This process contributed to the formation of one of the attributes of Norway's socio-economic development — a high level of social spending, which, according to various estimates, accounts for 55 to 70% of consolidated budget expenditures (of which the larg-

est shares are education (up to 15%), medical care (up to 20%) and social protection (up to 35%))<sup>13</sup>.

Among the advantages of the above-described model of government spending, the following should be noted: a consistently high level of domestic effective demand by households for goods and services produced in the country, which, firstly, allows for the implementation of stable medium- and long-term socio-economic policies; secondly, ensures a certain level of employment and production; thirdly, minimizes the country's economic dependence on changes in global market conditions; fourthly, provides the economy with skilled personnel, which is one of the most important factors for its stable development.

As a result of the implementation of the above-mentioned government policy measures in Norway, despite the country's geographical location, there is no significant regional differentiation in terms of citizens' quality of life (the wage supplements for citizens living in northern regions, which had been in effect for many years, were abolished in 2003).

Among the Nordic countries, Denmark, Finland (including the Åland Islands), and Sweden are member states of the European Union (EU). Finland abandoned its national currency in favor of the single European currency, while Denmark and Sweden retained their own currencies. Iceland and Norway are members of the intergovernmental association EFTA (European Free Trade Association)<sup>14</sup>. This international organization currently includes four countries. The EFTA and the EU have concluded an agreement on the free movement of goods, services, capital and labor across the national borders of the member countries of these international organizations. In order to facilitate the movement of citizens and reduce transport costs, Denmark (including the Faroe Islands), Iceland, Norway, Sweden and Finland have created the Nordic Passport Union<sup>15</sup>, which allows citizens of these countries to move freely and reside in the territories of the member states of the agreement. These countries have formed a system of intergovernmental coordination bodies<sup>16</sup> that ensure the development of integration projects and the formation of a unified state policy in the areas of migration regulation, the labor market and regional economic development.

The development of world trade and globalization processes has contributed to the intensification of state-level efforts in the Nordic countries to ensure economic competitiveness and social sustainability. In this regard, administrative reforms were carried out during the period 2000–2020, the need for which was determined by two global challenges affecting the Nordic countries.

The first challenge is related to increasing pressure on the social security systems of the Nordic countries due to aging of population, which is leading to two parallel processes: a reduction

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<sup>13</sup> World Bank (2022). World Development Indicators. URL: <https://databank.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/1ff4a498/Popular-Indicators> (accessed 21 March 2025).

<sup>14</sup> European Free Trade Association. URL: <https://www.ce-certification.lv/ru/ce/evropejskaya-associaciya-svobodnoj-torgovli> (accessed 26 January 2025).

<sup>15</sup> URL: <https://www.norden.org/en/information/nordic-agreements-and-legislation> (accessed 26 June 2025).

<sup>16</sup> Agreement on the legal status of the Secretariat of the Nordic Council of Ministers and the Secretariat of the Nordic Council. URL: <https://www.norden.org/en/information/nordic-agreements-and-legislation> (accessed 26 June 2025).

in the number of working-age citizens in the labor market and an increase in demand for healthcare services. These processes are accompanied by a reduction in tax revenues for budgetary systems, as the number of taxpayers is declining.

The second challenge is associated with the increasing pressure on the social security systems of the Nordic countries exerted by migrants from Africa and the Middle East.

One of the important aspects of public reflection on these challenges was the large-scale reform of public administration in the Nordic countries. The main elements of this reform include: consolidation of administrative-territorial units at the municipal and regional levels; development of a flexible mechanism for the prompt redistribution of state powers between levels of government, depending on various social, environmental, and economic factors.

One of the most illustrative examples of such a reform of the public administration system is the experience of Denmark. In this country, the number of municipalities was reduced by more than half during the administrative reform: from 270 independent municipalities to 98 ones. The fundamental decision on the implementation of the administrative reform and its timing was made at the government level, but its practical implementation, i.e. decisions on which municipalities should be merged, were delegated to local communities (local government bodies elected by citizens). At the same time, on 1 January 2007, 13 administrative-territorial units — districts (amts) — were abolished. They were replaced by five new, larger regions, whose governing bodies have a clearly codified (in their charters) set of powers. One of the results of the administrative reform in Denmark was the strengthening of the political authority of the level of government closest to the citizens — the municipal level. At the same time, a number of powers that were previously at the regional level (for example, in the area of taxation) were distributed between the municipal and national levels of government. This approach has facilitated the concentration of regional governments' efforts and resources on achieving their statutory objectives, the main ones in Denmark being the organization of healthcare services for citizens, public transportation, and the coordination of the distribution of EU structural and sectoral funds. Following the completion of administrative reform in Denmark, a two-tier management model was established, implying that the main flow of administrative interactions takes place within the framework of "enlarged municipality — national government". In Denmark, this format is entirely justified, as the relatively small size of the main, most densely populated part of the country, as well as modern communication technologies, make it possible to organize such administrative interaction without forming numerous state bodies at the regional level, which, firstly, reduces the budgetary system's expenses on maintaining the administrative apparatus; secondly, speeds up the exchange of information, preparation and decision-making; and thirdly, reduces the burden on the administrative apparatus and minimizes the risks of errors, distortions and data loss. At the same time, this format of administrative organization allows for the country's territorial specifics to be taken into account. For example, Denmark's largest agglomeration — the Copenhagen metropolitan area — has a special status, combining the powers of a municipality, a region, and, in some cases, the national govern-

ment at a single level of administration. The metropolitan area is the only region in Denmark with a state-level, legally approved development plan. The island of Greenland, which belongs to Denmark, is its largest overseas territory. In order to optimize governance, a significant portion of state powers was transferred to the local level; in 2009, the administrative-territorial division of the island underwent changes, and the number of municipalities was reduced from 18 to 4. However, due to the small number of citizens living in Greenland, the formation of an independent region on the island was deemed impractical. Thus, governance in Greenland is represented by two levels: local (municipal authorities) and national (the Danish government).

Administrative reform was carried out in a similar manner in other Nordic countries. In Finland, the reform was implemented in two stages. The first stage involved the formation by the national government of administrative, institutional, organizational, and economic preconditions motivating municipalities to voluntarily merge, with decisions on this being made in local referendums. The second stage included the direct implementation of the reform. Between 2000 and 2020, the number of municipalities in Finland gradually decreased from 452 to 311 units, which made it possible to achieve administrative and socio-economic effects similar to those in Denmark. At the same time, according to Finnish experts, one of the shortcomings of the reform is the relatively small number of citizens living in Finnish municipalities (on average, about 7 thousand residents)<sup>17</sup> [12, Sotarauta M., Suvinen N., Jolly S., Hansen T., pp. 99–105]. The peculiarities of the country's territorial location have prompted the expert community and the political establishment to focus on finding optimal models of regional development. Currently, Finland's administrative division includes 19 counties (regions), which in turn consist of districts. During the administrative reform, a significant amount of authority, resources, and responsibility for organizing various spheres and sectors (for example, the healthcare system) was delegated from the national to the regional level of government. Regional authorities in Finland are responsible for regional development, including various sectors of the economy. The broad scope of powers delegated from the national level allows regions to implement economic and transport policies that take regional characteristics into account. The counties have directly elected political leadership (regional councils), but a significant amount of authority regarding taxation remains at the municipal level. As in Denmark, certain territories in Finland have independent governance models. In particular, the Åland Islands are governed by the Åland Islands Government and comprise 16 municipalities, including very small ones. Some of them have fewer than 500 residents, while the municipality of Sottunga has fewer than 100.

In 2017, the Norwegian parliament, Stortinget, decided to implement administrative reform in the country. During the transformation of the public administration system, the number of regions (fylkeskommuner) was reduced from 18 to 11 administrative-territorial units, and the

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<sup>17</sup> Ahokas J. A comprehensive view of regional economic development in Finland. *50th Congress of the European Regional Science Association «Sustainable Regional Growth and Development in the Creative Knowledge Economy», 19–23 August 2010, Jönköping, Sweden*, European Regional Science Association (ERSA), Louvain-la-Neuve. URL: [https://www.econstor.eu/bitstream/10419/118887/1/ERSA2010\\_0469.pdf](https://www.econstor.eu/bitstream/10419/118887/1/ERSA2010_0469.pdf) (accessed 26 June 2025).

number of municipalities decreased from 428 to 354. In 2020, the first stage of the reform, which involved delegating resources (primarily financial), authority, and responsibility to the municipal and regional levels of government, was completed. One of the distinctive features of the Norwegian governance model is that the healthcare system is organized by the government at the national level and its operations are managed centrally. Regional governments have the authority and resources to plan and implement socio-economic development measures, including those related to transport and logistics. At the Norwegian government level, strategic coordination of regional and sectoral development is carried out through representatives of the scientific community.

In 2020, the Kingdom of Sweden developed and adopted the National Strategy for Sustainable Regional Development for 2021–2030<sup>18</sup>. Key targets outlined in the document include creating conditions for the socio-ecological and economic sustainable development of the country's regions, contributing to Sweden's transformation into a "modern and sustainable welfare state"<sup>19</sup>. Practical achievement of this goal involves the implementation of a set of measures aimed at stabilizing ecosystems, reducing climate impacts, and modernizing the energy sector using resource-saving technologies. The regulatory framework for the implementation of the National Strategy for Sustainable Regional Development consists of the current versions of legislative acts adopted at various times, regulating urban development, natural resource use, road and transport infrastructure development, etc., in particular: the Planning and Building Act (2010), the Act on the Administrative Division of the Kingdom of Sweden (Regional utveckling och regional samhällsorganisation, 2007), the Environmental Code (1999), the Roads Act (1971), the Public Water and Wastewater Act (1999), and the Real Property Formation Act (1970)<sup>20</sup>.

Researchers [3, Monastyrskaya M.E., Peslyak O.A., pp. 50–51; 10, Sobha P., Krook-Riekkola A., pp. 330–332] point to the historically established autonomy of municipalities in the Kingdom of Sweden, whose authorities have significant powers both in solving local community problems and in organizing inter-municipal socio-economic cooperation. The central government coordinates such key areas of state policy for regional development as:

- rural development;
- creating conditions for sustainable urban development;
- environmental policy.

Swedish municipalities are responsible for education, road, transport, housing and utilities infrastructure, urban planning, organization of public transport, and the state of environment within the municipality. Municipal authorities have powers of tax regulation, which allows them to implement measures to stimulate various sectors of the economy at the local level. An additional

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<sup>18</sup> Nationell strategi för hållbar regional utveckling i hela landet 2021–2030. URL: <https://www.regeringen.se/contentassets/53af87d3b16b4f5087965691-ee5fb922/nationell-strategi-for-hallbar-regional-utveckling-i-hela-landet-20212030/> (accessed 26 June 2025).

<sup>19</sup> Ibid.

<sup>20</sup> URL: [https://www.oecd.org/en/publications/land-use-planning-systems-in-the-oecd\\_9789264268579-en.html](https://www.oecd.org/en/publications/land-use-planning-systems-in-the-oecd_9789264268579-en.html) (accessed 26 June 2025).

source of funding for local development programs is specialized grants provided by the EU on a competitive basis.

The reform of Sweden's administrative-territorial management was carried out as part of a unified approach among the Nordic countries to gradually reduce the number of administrative units. During the reform, their number in the country was reduced from 1,000 to 290. The Swedish model is unique in its focus on the region and the expanded powers of enlarged municipalities. Sweden is currently divided into 21 counties (län), but there are discussions about reducing the number of regions to 6.

Unlike most other Nordic countries, Iceland has only two levels of government: national and local. The administrative reform, based on the models of the Scandinavian countries, has led to a reduction in the number of municipalities from 196 to 89. In recent years, the number of municipalities has been further reduced to 74 through voluntary mergers, which were decided by local referendums<sup>21</sup>. The Icelandic government creates conditions for municipal cooperation to address the pressing issues of local communities, including through the formation of inter-municipal authorities, with some of the national government's powers being transferred to them [13, Duhs L., pp. 580–583].

Table 2 summarizes the main tools and practices in the field of regional development management in the Nordic countries.

Table 2

*Tools and practices for developing the Nordic countries*<sup>22</sup>

Country	Directions/tools of public policy	Socio-economic effect
Sweden, Finland, Norway	Consistent reduction in the number of administrative-territorial units through amalgamation of municipalities; formation of new regions with expanded powers and resources to implement them; stimulation of interregional economic integration; creation of a mechanism for the prompt delegation of powers between levels of government.	Reducing budgetary expenditures related to the maintenance of municipal administrative apparatus; increasing the efficiency of administrative apparatus by reducing the workload on officials; accelerating document flow, minimizing the risk of errors, loss, and distortion of data; reducing disparities in the quality of life of citizens in different regions of the country.
Iceland, Denmark	Formation of institutional conditions for inter-municipal cooperation, including inter-municipal governing bodies; creation of a mechanism for the distribution of powers, resources and responsibilities from the national government to municipalities	
Norway	Formation of a mechanism for the equitable distribution of resource rents; gradual reduction in the number of administrative-territorial units through the amalgamation of municipalities; creation of a mechanism for the prompt delegation of powers between levels of government	

In addition to the information presented in Table 2, it should be noted that the Nordic countries (Denmark, Iceland, Norway, Finland, Sweden), by joining international integration associations (e.g., the European Union, the European Free Trade Association), have partially renounced

<sup>21</sup> State of the Nordic Region 2018. URL: <http://norden.diva-portal.org/smash/get/diva2:1191016/FULLTEXT01> (accessed 21 June 2025).

<sup>22</sup> Source: compiled by the authors.

their sovereignty in favor of supranational governing bodies. This approach has both advantages, such as the formation of uniform administrative rules applicable throughout the territory of the member states of the integration association, and disadvantages, the main one being the complication of the mechanism for responding to changes, challenges and threats in the modern world. Summarizing the above, we can highlight the main tools for implementing the regional development policy of the Nordic countries:

- consistent consolidation of municipalities to simplify administration;
- high levels of social spending, especially in terms of human capital development (education, healthcare, social protection);
- high level of government spending on the development of road and transport infrastructure to ensure the country's territorial connectivity;
- targeted government support for various sectors of the economy (taking into account the specifics of territorial localization) in the form of direct participation in corporate capital (e.g., Norwegian sovereign wealth funds), preferential tax regimes, and administrative preferences;
- cluster approach to regional development, which involves identifying the core of economic activity based on the optimal combination of available resources and the creation of administrative and organizational-economic conditions for intensifying growth rates;
- stimulation of interregional (intercountry) integration economic processes (e.g., the Nordic countries).

In our opinion, regional development measures are most effectively implemented in Northern European countries such as Norway, Finland, and Sweden, which are engaged in inter-country economic integration, coordinating state management of border areas and forming a unified transport infrastructure. This contributes to maximizing natural competitive advantages, minimizing the negative impact of the aforementioned factors limiting socio-economic progress, and gradually eliminating significant disparities in regional development between sparsely populated northern and densely populated southern territories.

### **Conclusion**

In conclusion, we would like to formulate the following:

1. One of the main trends in modern regional development, both in the Russian Federation and in countries with similar geographical and natural and climatic conditions, is the gradual erosion of regions as separate territorial entities. The boundaries of administrative-territorial units are becoming increasingly arbitrary due to the rapid development of communications and transportation technologies, which is contributing to a sharp acceleration in the exchange of information, goods, capital, etc. This, in turn, is a powerful driver of regional economic diversification and the formation of interregional development clusters, the areas of which may include territories (or parts of territories) of various administrative units. Various regions of the Russian Federa-

tion are undergoing a trend towards the development of agglomerations: both diversified and specializing in one or several priority areas of economic activity. As practice shows, in the process of development, an agglomeration may include elements that are administratively part of different municipalities and/or regions, which complicates state regulation of economic, environmental, social processes, etc.

Taking into account such processes, the mechanism of state management should be sufficiently flexible to act as a stimulus for strengthening competitiveness both within the socio-economic system of the region and at lower levels, including in the context of agglomeration development.

2. Our study of regional development tools in Northern European countries has identified effective public administration practices that could be applied in the Russian Federation to create favorable conditions for the socio-economic development of its constituent entities, namely: the creation of administrative procedures in the public administration system that allow for the prompt delegation of powers between levels of government in the “federation – constituent entities of the Russian Federation – municipalities” system; gradual reduction of budgetary expenditure associated with financing the administration system by consolidating municipalities and reducing the number of municipalities through the merger of sparsely populated ones; taking into account factors that determine the specific characteristics of regions and the targeted transfer of certain state powers for implementation at the regional level; formation of tools for state stimulation of structural diversification of the economy in resource-rich regions.

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