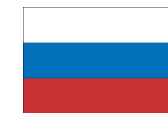


Coronavirus response in 2021: building back better

Update on Russia (16 June 2021)



Covid-19 policy response

- **The fiscal response to the pandemic in 2020 was moderate.** The total size of Covid-19 response expenditures in 2020-21 is around 6 per cent of GDP, including contingent liabilities. Currently, measures are focused on cash handouts to vulnerable households.
- **A more neutral monetary policy stance is being adopted in response to rising inflation.** After loose monetary policy in the early days of the pandemic, the central bank has tightened its policy rate by 75 basis points in response to inflation significantly in excess of the 4 per cent target.
- **Efforts to increase the resilience of the economy are limiting the scope of potential stimulus measures.** The authorities' emphasis on reducing the sensitivity of the economy to sanctions means that future measures are unlikely to entail substantial spending.

Macroeconomic indicators (%)

	2018	2019	2020	
GDP growth	2.8	2.0	-3.0	Short-term indicators EBRD GDP growth forecast (June 2021) 2021: 3.3%; 2022: 3.0% Quarterly GDP growth: -1.0% (Q1 2021, y/y) Consumer confidence: -21 (Q1 2021) PMI: 54.6 (May 2021) Retail sales: -34.7% y/y (Mar 2021) Annual inflation: 5.9% (May 2021)
Annual inflation (end-year)	2.9	4.5	3.4	
Government balance/GDP	2.9	1.9	-4.1	
Current-account balance/GDP	7.0	3.8	2.2	
Net FDI/GDP	-1.4	0.6	0.2	
Public debt/GDP (end-year)	13.6	13.8	19.3	
Unemployment rate (end-year)	4.9	4.6	4.4	

Key short-term priorities

- Intensify efforts to diversify away from commodity exports.
- Prioritise reforms that will improve the business environment and provide a level playing field for private-sector companies.
- Design well-targeted public infrastructure projects that will contribute to sustainable growth.

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Competitive	<ul style="list-style-type: none"> • Regulations to improve the innovation environment are being planned under the National Innovation System.
Well-governed	<ul style="list-style-type: none"> • The government is implementing a “regulatory guillotine” to get rid of or replace more than 3,000 regulations.
Green	<ul style="list-style-type: none"> • The government is working to develop a new greenhouse gas reduction strategy and an energy efficiency policy. The issuance of green bonds continues to develop, with the City of Moscow placing a US\$ 1 billion issue in May 2021.
Integrated	<ul style="list-style-type: none"> • Major investments in transport infrastructure are being planned to 2030 under the National Projects scheme.
Digital	<ul style="list-style-type: none"> • Government and businesses are preparing a new high-tech economy plan, involving the digitalisation of government services and small and medium-sized enterprises.

To learn more about the EBRD's support for Russia visit: <https://www.ebrd.com/russia.html>.

¹ For more details on ATQs, see EBRD (2020), [Transition Report 2020/21: The State Strikes Back](#), London.