

Coronavirus response in 2021: building back better

Update on Russia (25 November 2021)



Covid-19 policy response

- **The fiscal response to the pandemic has been largely phased out, with the remaining measures focused on supporting vulnerable households.** The government introduced new social spending measures in April 2021, including a one-off payment to households of up to RUB 10,000 (US\$ 130).
- **The authorities are tightening monetary policy 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 325 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 international sanctions means that future measures are unlikely to entail substantial spending.

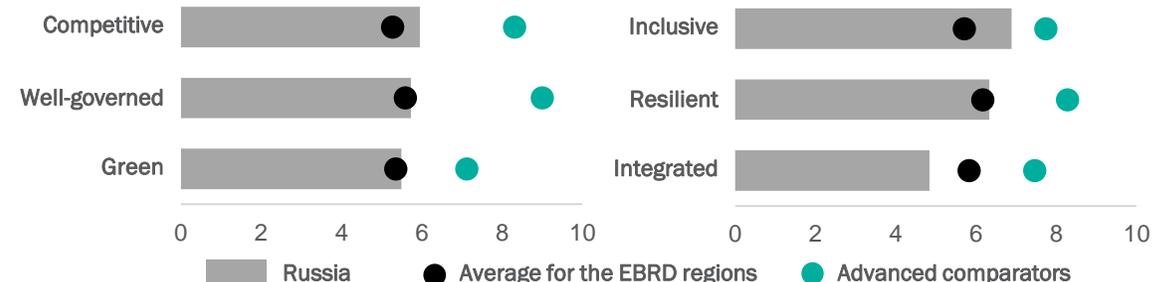
Macroeconomic indicators (per cent)

	2019	2020	2021	
GDP growth	2.0	-3.0	4.3	Short-term indicators EBRD GDP growth forecast (Nov 2021) 2021: 4.3%; 2022: 3.0% Quarterly GDP growth: 10.5% (Q2 2021, y/y) Consumer confidence: -19 (Q3 2021) PMI: 49.5 (Oct. 2021) Retail sales: 5.6% y/y (Sept. 2021) Annual inflation: 8.1% (Oct. 2021)
Annual inflation (year end)	3.0	4.9	7.7	
Government balance/GDP	1.9	-4.0	-4.1	
Current-account balance/GDP	3.9	2.4	2.2	
Net FDI/GDP	-0.5	-0.2	0.2	
Public debt/GDP (year end)	13.8	19.3	17.9	
Unemployment rate (year end)	4.6	4.4	4.3	

Key short-term priorities

- Steps are needed to increase the role and competitiveness of the private sector.
- Efforts to promote innovation, digitalisation and technology development should be intensified.
- Transparency and impartiality in public governance need to be improved.

EBRD assessment of transition qualities (ATQs), 2021¹



Building back better: key ongoing initiatives

Competitive

- Regulations to improve the innovation environment are being planned under the National Innovation System.

Well-governed

- The government is implementing a “regulatory guillotine” to eradicate or replace more than 20,000 regulations.

Green

- Legislation aimed at reducing greenhouse gas emissions was signed into law, aiming to cut emissions to 70 per cent of 1990 levels by 2030.

Integrated

- Major investments in transport infrastructure are being planned through to 2030 under the National Projects scheme. The authorities have said the government may tap into the US\$ 186 billion National Welfare Fund to help finance planned investments.

Digital

- 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 (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.