

## Economic Policy Priorities and Actions Identified in the Systematic Country Diagnostic

Pathways/ Requisites	Economic Policy Priorities	Economic Policy Actions
Increasing productivity for diversified growth	Create a better investment climate and reallocate labor to higher-productivity formal jobs.	<ul style="list-style-type: none"> <li>• Create a level playing field for all firms by enhancing competition conditions and streamlining regulatory requirements, such as the inspection regime, for business operations, in order to encourage entrepreneurship and SME growth.</li> <li>• Diversify and deepen the financial sector to help improve access to finance for SMEs, introduce long-term finance instruments, and reduce the cost of credit.</li> <li>• Remove nontariff barriers, improve trade facilitation through greater reliance on risk-management techniques, streamline international transit procedures, increase the transparency of trade legislation, and address the fragmentation of trade promotion.</li> <li>• Support labor mobility by developing housing markets and transportation networks, reducing regulations that act as barriers to the movement of labor, and assisting individuals with high job search and moving costs.</li> </ul>
	Improve infrastructure and connectivity.	<ul style="list-style-type: none"> <li>• Remove the infrastructure bottlenecks on the main trade corridors and improve logistic services.</li> <li>• Improve connectivity and transport infrastructure and services in lagging regions and urban areas.</li> <li>• Improve public investment management: increase the economic impact of public infrastructure investment by enhancing institutional capacity to plan and manage large-scale initiatives in transport and logistics, and expand use of PPPs.</li> </ul>
	Strengthen innovation and skills.	<ul style="list-style-type: none"> <li>• Support catch-up innovation and growth of internal business capability through supply-side interventions to help firms upgrade their capabilities and demand-side reforms to create more competitive markets, reduce regulation, and strengthen IP protection.</li> <li>• Improve Russia's Science Technology and Innovation (STI) base and its contribution to the broader economy through better coordination and design of interventions.</li> <li>• Align skills demand and supply by introducing effective incentives to change the content, forms, and methods of skills training, strengthening the capacity of the skills development system, and introducing a modern information system to communicate demand for and supply of skills and jobs.</li> </ul>
Reducing vulnerability by deepening human capital and improving access to services	Reduce premature mortality and bad health.	<ul style="list-style-type: none"> <li>• Strengthen health promotion, disease prevention, and early detection and management of noncommunicable diseases (NCDs).</li> <li>• Reorient health care delivery toward greater reliance on primary health care to manage the growing epidemic of NCDs, avoid unmanageable escalation of health care spending in the medium term and target premature mortality among men and less advantaged socioeconomic groups.</li> <li>• Increase financial resources for spending on outpatient services and preventive care, as fiscal constraints allow, including improving the access of poorer households.</li> </ul>
	Ensure the quality of and access to education.	<ul style="list-style-type: none"> <li>• Improve access to and the quality and efficiency of education across regions and incomes at all levels of the education system, from early childhood education to the higher education system.</li> <li>• Increase education financing while improving the efficiency of public infrastructure financing and reduce the bias toward well-performing schools and richer regions.</li> </ul>
	Improve the effectiveness and efficiency of the social protection system.	<ul style="list-style-type: none"> <li>• Improve the efficiency and effectiveness of social assistance by increasing the consistency of its objectives and instruments, consolidating overlapping programs, and better targeting.</li> <li>• Reduce the rigidity of labor market institutions and curtail social security contribution exemptions to decrease informality and increase social security revenues.</li> </ul>

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<p>Cross-cutting requisites for sustainability: Good governance, fiscal reform, and better environment and natural resource management</p>	<p>Enhance good governance; improve accountability and enforcement.</p>	<ul style="list-style-type: none"> <li>• Advance implementation of the Anti-Corruption Plan and guarantee the impartial, transparent, and predictable application of laws by strengthening institutional checks and balances and social accountability mechanisms.</li> <li>• Improve public procurement to enable firms to compete for government contracts at federal and subnational levels.</li> <li>• Leverage e-government more effectively to simplify administrative procedures, increase business efficiency, and strengthen access to services in urban and rural areas (such as health and education), especially for the vulnerable.</li> <li>• Encourage the implementation of the new Corporate Governance Code—particularly by SOEs, financial intermediaries, and companies listed on domestic stock exchange—to tackle outstanding corporate governance deficiencies, including the independency and accountability problems of corporate boards, inadequate corporate transparency, and poor protection of the rights of minority shareholders.</li> <li>• Improve service delivery by better linking financing arrangements with sector strategies and outcomes from planning through completion.</li> </ul>
	<p>Maintain fiscal sustainability.</p>	<ul style="list-style-type: none"> <li>• Increase nonoil revenues and improve the efficiency and effectiveness of spending, especially of capital infrastructure investments and social expenditures, to reduce the expected fiscal consolidation burden and preserve fiscal space for building infrastructure and protecting the poor.</li> <li>• Address deficit-generating mechanisms of demographic aging: advance pension reforms, especially adjustments to the retirement age, changes in contribution rates, or a shift from publicly funded to contribution-funded benefits; and revise labor market policies to boost labor force participation.</li> <li>• Improve the management and mitigation of contingent fiscal liability risks at all administrative levels.</li> </ul>