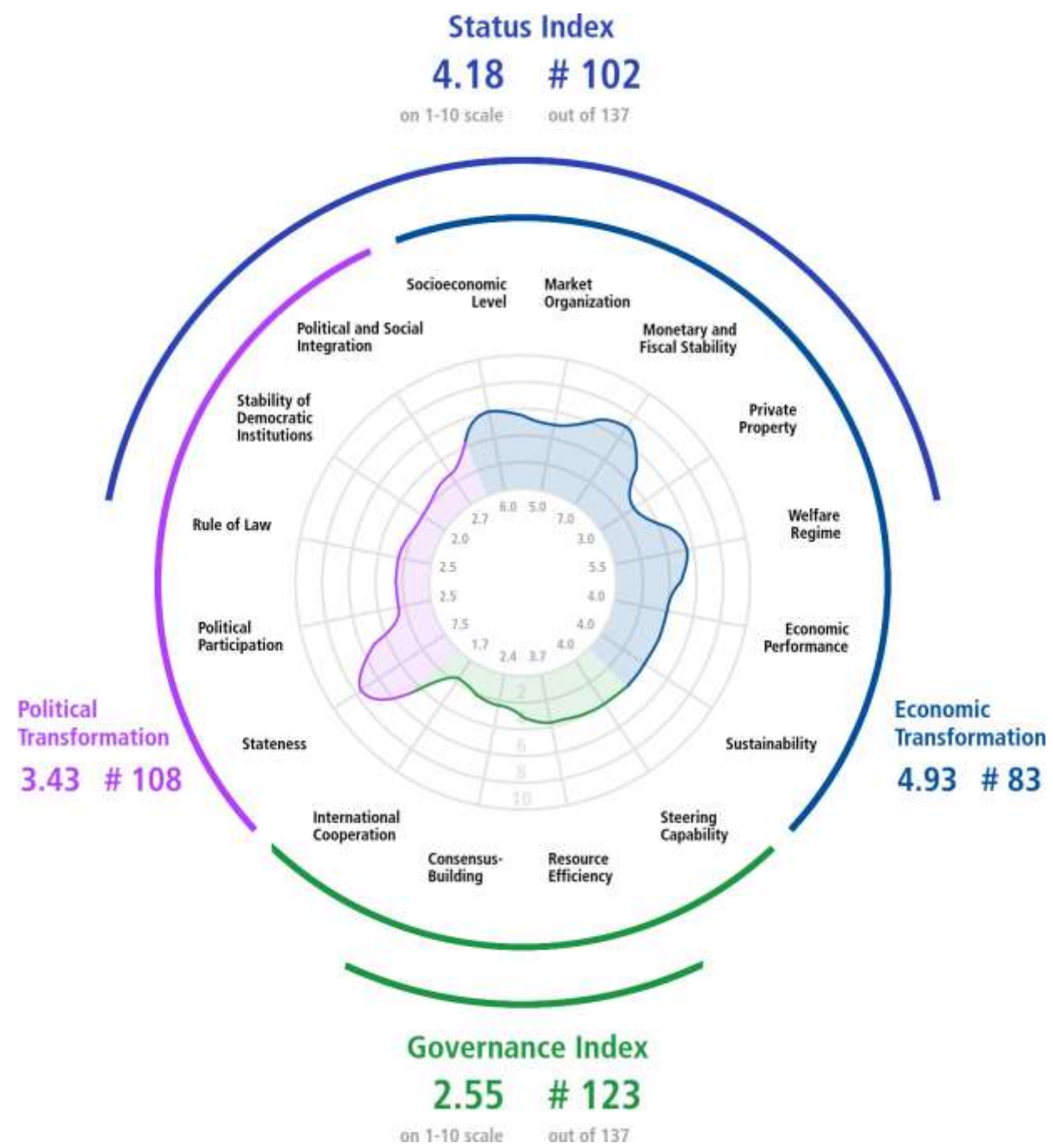


Russia



This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	143.6	HDI	0.822	GDP p.c., PPP \$	36485
Pop. growth ¹	% p.a.	0.1	HDI rank of 189	52	Gini Index	36.0
Life expectancy	years	69.4	UN Education Index	0.864	Poverty ³	0.3
Urban population	%	75.1	Gender inequality ²	0.203	Aid per capita \$	-

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Over the past two decades, Russia's political regime has become a personalized form of a consolidated autocracy that is firmly tied to President Vladimir Putin.

Domestically, this regime is characterized by:

- the fact that the president and his inner circle make all strategic decisions with no accountability to the legislative and judiciary branches of power;
- the exceptional role played by the presidential administration (also referred to as the Presidential Executive Office of Russia) in determining the national agenda, both in domestic and foreign policy;
- an even more pronounced decision-making role for the "siloviki" (representatives of security agencies and the Ministry of Interior);
- the excessive centralization of the relationship between Moscow and the regions and the dominance of vertical over horizontal decision-making;
- the prevalence of serious restrictions being placed on political competition and pluralism, as evinced by the introduction of several laws that have restricted media and civil society independence.

In foreign policy, Russia promotes multipolarity and exceptionalism among great powers such as China and the United States. The Kremlin's overt hostility toward the United States and EU nations became evident as Russia sought to exert political influence abroad through a blend of state-sponsored propaganda, the backing of fringe parties and through illegal cyber activities.

Many of Russia's leaders hold a firm belief that their country, as the largest in the world, must maintain its status as a great power and not be subservient to any other state or union. Consequently, they have consistently asserted that the European Union and the United States have disregarded Russia's national security interests.

Russia, therefore, decided to prioritize its security interests by trying to build buffer zones along its western and certain southern borders. These interests, deemed vital by Russian leadership and backed by the majority of the Russian people, are considered more important than the imperatives of economic development. Instead of embracing modernization, the Russian leadership has chosen to pursue its interpretation of national greatness by seeking to incorporate an independent Ukraine, seemingly disregarding the potential consequences of reduced international competitiveness and potential marginalization in the foreseeable future.

The initiation of the conflict with Ukraine in February 2022 further solidified President Putin's regime of personal rule. In Russia, the war is officially labeled a "special military operation," a term endorsed by both houses of the Russian parliament, various political parties, and the majority of the country's population. Protests against the war and partial mobilization have been met with harsh state suppression, and dissenting perspectives on the war are officially branded as "betrayals of national interests."

A late 2022 presidential decree mandated an increase in the size of the Russian army to 1.5 million personnel. To rally society under wartime conditions, the Russian leadership implemented measures to reduce pluralism and imposed stricter penalties for dissent through a comprehensive set of federal laws and presidential decrees. Independent media outlets and civil society structures with political agendas were systematically dismantled, and numerous foreign missions were shuttered during the early stages of the conflict. Russia's membership in the Council of Europe was terminated.

In response to Russia's aggression against Ukraine, the West has imposed unprecedented sanctions on Russia. By early 2023, the European Union had enacted ten packages of sanctions. While the Russian government has managed to mitigate some of the adverse effects of these sanctions thus far, it is unclear how long this will continue.

History and Characteristics of Transformation

Following the collapse of the Soviet Union, Russia emerged as an independent nation, still possessing vast territory and diversity but in dire need of profound political and economic transformation. The country's elites were deeply divided and lacked consensus on a reform strategy. This division was primarily between the supporters of President Boris Yeltsin, known as democrats, and those aligned with the Supreme Soviet, who leaned conservative. The Federal Treaty of 1992 played a crucial role in preventing the territorial disintegration of Russia, similar to what had occurred during the Soviet Union.

In December 1993, a new Russian constitution was ratified through a public referendum following the violent dissolution of parliament in October – an act viewed by many as unconstitutional. This constitution maintained a political balance that favored a strong executive, a trend that continues to this day.

Under President Yeltsin, the discrepancies between constitutional provisions and political reality remained substantial. The transition from a planned to a market economy led to hyperinflation and severe economic hardships for many Russians. Simultaneously, the Yeltsin administration created an environment in which actors like oligarchs, who lacked democratic legitimacy but possessed enormous wealth, wielded significant influence over political decision-making.

Political and economic transformation in Russia was initiated but remained incomplete, particularly in terms of democratization. The push to transition toward a market economy gained traction once President Yeltsin appointed Vladimir Putin as prime minister in 1999 and later as his successor following Putin's presidential election victory in 2000. This transfer of power coincided with Russia's growing financial power due to surging oil and raw material prices. President Putin enjoyed sustained support from a majority of voters throughout most of his first two presidential terms (from 2000 to 2008) and subsequent election wins in 2012 and 2018.

Stability, achieved through a "strong state," became the primary goal, often at the expense of democratic principles. Press freedoms were curtailed, NGOs faced harassment, and severe human rights violations occurred during the second Chechen War.

Whereas authoritarian tendencies have characterized the political transformation of Russia under President Putin throughout his tenure, economic policy was initially dominated by liberal ideas and only gave way during his second term to an increased focus on gaining control over "strategic" economic sectors (aimed in part to enrich Putin's entourage and himself). Driven by rising global oil prices, Russia enjoyed a decade of robust economic growth, with GDP increasing by an average of 6.9% annually until 2008.

Although the government has invested heavily in various large-scale social projects, socioeconomic development has been slowed by widespread corruption, an extensive shadow economy, and the executive branch's manipulation of the judiciary. At the end of his second presidential term, Putin accepted a constitutional limit of two consecutive presidential terms. He hand-picked Dmitry Medvedev as his successor, who then appointed Putin as prime minister, confirming suspicions of Putin's continued influence.

During Medvedev's presidency, some steps were envisioned to modernize and liberalize the country. These included a "reset" in relations with the United States, the signing of a new START agreement, and proposals for a new security architecture in Europe. A "Partnership for Modernization" initiative with the European Union was also agreed upon, and political freedoms increased.

However, a few months before the next presidential election, Putin and Medvedev announced their intention to swap roles. Massively falsified Duma elections and the subsequent protests in urban centers, especially Moscow. This prompted the Kremlin to launch a propaganda campaign portraying the West, particularly the United States, as a threat to Russian state media, using the so-called color revolutions in Ukraine and Georgia as examples of how the West was undermining Russia's security.

The state media machinery, developed in the 2000s and further streamlined later, proved highly effective in promoting this narrative. The massive propaganda effort, along with improved government performance, greatly contributed to an increased level of support for the state in Russian society. This support is focused primarily on Russia's role in the world and less on domestic politics. Russians remained critical of the political elite, with the exception of the institution of the president.

Russia's foreign policy, touted as a series of successes, has become a key instrument of domestic consolidation. A particular focus was placed on neighboring Ukraine, which culminated in the annexation of Crimea in 2014 and fostered unrest in eastern Ukraine.

In 2016, the presidential party, United Russia, decisively won parliamentary elections. Putin secured his fourth six-year presidential term in 2018, and the constitutional reform of 2020 has made it possible for him to remain in power until 2036. The 2021 Duma election has once again sealed United Russia's dominance in the country's party landscape.

Russia's response to the COVID-19 pandemic came rather late. Russia did not declare a "state of emergency," and Moscow shifted blame for unpopular measures during the crisis to regional authorities. Modest additional measures of social support implemented in 2020 were primarily attributable to the federal center. Both federal and regional authorities concealed and falsified information about infection rates and mortality from the virus during the pandemic.

Russia's ongoing aggression against Ukraine, which has continued for over a year, can be seen as a natural progression of Putin's regime of personal rule. Public dissent is rare and found mostly among the highly educated, many of whom have emigrated. Critical voices within the presidential administration and the government are almost nonexistent. The leadership's current political trajectory contradicts years of reform efforts and threatens to drive the country into an abyss.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force is established throughout the country. In connection with the war in Ukraine, a nationwide mobilization of soldiers was initiated and enforced, even though it was not widely supported.

In an extravagant and completely illegal move, the Russian president declared four Ukrainian regions as part of the Russian Federation, despite Russia not having control over significant parts of those regions. In these areas, Russian armed forces, separatist paramilitary groups and other military groups are engaged in combat against the Ukrainian army.

The most notable private military group, known as “Wagner” and named after the German composer, operates without being held accountable to federal law. The group has been known to impose the death penalty on deserters and carry out killings of those who refuse to obey orders from their commanders.

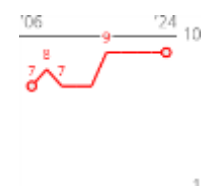
In the case of the Republic of Chechnya, the regional government has semi-independent military and security forces that appear to act independently of federal law. Its leader, Ramzan Kadyrov, has pledged allegiance only to President Putin personally. Units fighting in Ukraine from Chechnya seem to operate on their own, with loose connections to the command structure of the Russian armed forces.

In Tatarstan, on the other hand, the head of the republic had to relinquish the title of “president,” which had set the republic apart from others since the time of Boris Yeltsin's presidency.

Question
Score

Monopoly on the
use of force

9



1

The legitimacy of the nation-state in Russia is seldom questioned, with two notable exceptions. First, some groups in ethnic republics, primarily in the North Caucasus, dissent against being governed by the Russian federal state. Second, citizens of the four new regions that were illegally incorporated into Russia in 2022 following partial occupation by the Russian military also question the legitimacy of their situation.

Apart from these exceptions, the majority of the population accepts and supports the Russian state as a legitimate entity. Furthermore, both official and independent opinion polls consistently show that as many as 70% to 80% of respondents in Russia support the annexation of Ukrainian territories, a level of support that remained stable throughout 2022.

Access to citizenship and naturalization is not denied to any specific group based on criteria such as race, ethnicity, national origin, religion, gender or political beliefs. Those seeking Russian citizenship through naturalization are required to meet a five-year permanent residence requirement and pass tests on the Russian language and knowledge of the constitution. In certain cases, such as refugees, former citizens of the Soviet Union or Russia, and other specific categories, the five-year requirement may be reduced.

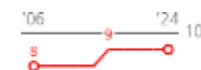
The state is mainly secular. According to the constitution, there is a separation of church and state. However, religious dogmas and, notably, the Russian Orthodox Church wield significant influence over legal and political institutions. This influence has grown stronger, especially since around 2013, as the regime has increasingly emphasized “traditional values” as a central tenet of its ideology.

Some government officials openly express their religious preferences, and the church frequently intervenes in cultural matters. The Kremlin administration has utilized traditional Russian Orthodox and so-called family values to shape a new ideological identity, which has gained prominence in the lead-up to the war. The Russian Orthodox Church has long advocated for stricter abortion laws, and in 2021, Russia, a country with a historically high abortion rate, implemented new restrictions, including mandatory waiting periods and counseling.

The country’s law on religion recognizes Christianity, Islam, Judaism and Buddhism as the four “traditional” religions, with a special role attributed to the Russian Orthodox Church (ROC). The government provides the ROC with tax exemptions and access to state resources. It also financially supports the construction of new churches, the restoration of religious historical sites, and the production of religious literature. Additionally, the ROC is involved in shaping religious education curricula in schools. Since 2014, Russia has had a law that criminalizes insults to religious believers, which has been used to prosecute critics of the Russian Orthodox Church.

State identity

9



1

No interference of religious dogmas

6



1

In September 2022, Patriarch Kyril offered forgiveness of sins to all those who died in the war against Ukraine. The Orthodox Church publicly consecrates various types of weapons, including rockets, bombs, tanks and military vehicles.

Moscow's chief rabbi, Pinchas Goldschmidt, refused to support the war and was compelled to leave Russia in March 2022. In December, he urged Jews to depart from Russia as soon as possible.

The administrative structure of the Russian state is designed to provide basic public services across the entire country, but there are notable deficiencies in their operation. The primary issues plaguing basic administration in Russia include an inefficient bureaucracy, driven in part by corruption, inadequate funding, particularly at the regional level, and the highly hierarchical nature of the bureaucracy.

While essential services like water supply, transportation, communication, health care and education have been established throughout the country since Soviet times, some rural areas, especially in the North Caucasus and South Siberia, still face limited or no access to certain services, including electricity, water and sanitation. These areas often exhibit various forms of neglect.

According to the World Bank's 2020 report, 100% of the Russian population had access to electricity, but over 11 million Russians lacked access to clean drinking water. The Russian State Statistical Agency (Rosstat) reported in 2020 that approximately a third of Russia's 144 million people have access to water with a high lead content. In Moscow, the capital city, more than 56% of water sources do not meet official water safety standards. Additionally, in 2020, 23% of Russians were living without indoor plumbing.

Furthermore, the lack of funds for maintenance and modernization has led to a decline in the quality and availability of basic services in many regions. In 2022, Russia experienced more than ten man-made disasters, including numerous fires and disruptions in power and water supply across the country.

Basic
administration

6



2 | Political Participation

The Russian electoral system is nominally democratic. Elections take place regularly at the national, regional and local levels. However, in practice, elections are neither free nor fair. Electoral fraud is routine. Over the past 10 to 15 years, elections have consistently faced significant constraints related to candidate registration, political campaigning and media access, with opposition candidates and parties routinely denied registration.

A case in point was the election to the State Duma in 2021, where the dominant party in Russia, United Russia, secured victory with 49.82% of the votes. These elections spanned three days and included remote voting, making it challenging to detect violations. Nonetheless, numerous irregularities were documented, with the NGO Golos reporting at least 5,849 instances of misconduct.

Free and fair
elections

3



In September 2022, regional elections in Russia appeared to reinforce the overall support for the ruling “party of power” and, by extension, the stability of the relationship between the central and regional authorities. The Central Elections Commission (CEC) reported that incumbent and acting governors received the most votes in all regions, and the United Russia party emerged as the majority winner in regional legislatures.

Later that month, referendums were held regarding the incorporation of new constitutional entities into Russia, specifically in the militarily controlled areas of the Donetsk and Luhansk “People’s Republics” and the occupied parts of the Kherson and Zaporizhzhia regions. According to the Russian Central Electoral Commission, all four regions exhibited overwhelming support for allegiance to Russia (80%). However, virtually all reports indicated that these referendums were entirely staged operations, devoid of any genuine validity.

According to the law, elected representatives have full power to govern. In practice, the Parliament has virtually no control over the executive branch and actively supports the presidential administration’s initiatives. The unelected and unaccountable presidential administration serves as the most significant obstacle to key democratic processes.

At the regional level, governors hold the primary decision-making authority and are appointed by the central government, adhering to its directives. Regional assemblies wield even less influence compared to the federal parliament. Local governance is also fully integrated into the hierarchical power structure. There have been numerous instances of unfounded criminal charges brought against regional and local officials who publicly voice dissent with federal government policies.

In 2022, several local deputies publicly opposed the war in Ukraine and, in every case, were subsequently dismissed and faced criminal charges. For instance, Moscow local deputy Alexei Gorinov was sentenced to seven years in a penal colony as a consequence of his opposition.

While the constitution guarantees the freedoms of association and assembly, in practice, there are significant restrictions on these rights for all citizens and certain groups. These restrictions have intensified since the beginning of the war against Ukraine. Residents and civic groups critical of the government’s policies find it increasingly challenging to exercise these rights. The government employs intimidation, harassment and threats of criminal prosecution to deter citizens from engaging in association and assembly.

Arbitrary arrests and detentions of peaceful demonstrators, often accompanied by excessive force and instances of torture, are commonplace. Authorities routinely refuse registration to political parties suspected of disloyalty, and protests against the war in Ukraine have been consistently prohibited. Unauthorized demonstrations have

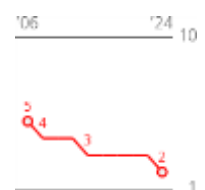
Effective power to govern

3



Association / assembly rights

2



frequently been forcibly dispersed by the police, leading to the arrest of a growing number of participants. Prominent opposition figures continue to face restrictions, often through criminal charges brought against them by the authorities.

Since 2012, NGOs involved in “political” activities that receive foreign funding must register as “foreign agents.” The authorities can designate NGOs as “foreign agents” without their consent. Being on this list subjects organizations to the highest level of state scrutiny, severely impeding their ability to operate effectively. All German political foundations were compelled to cease their activities and effectively expelled from Russia in April 2022.

While the constitution guarantees freedom of expression, the reality is quite different. As of 2022, independent media no longer exist or are prohibited from operating in Russia. Only media outlets created and supported by journalists outside Russia can express an independent opinion.

Following the onset of the war against Ukraine, the authorities launched a comprehensive crackdown on independent media and NGOs. They imposed restrictions on access to websites of prominent media outlets, including Echo Moskvyy, Novaya Vremya (New Times), Dozhd and Novaya Gazeta. Over 3,000 anti-war websites were blocked. In 2022, the government designated the “Meta Company” (Facebook, Instagram) as an extremist organization and classified several popular media outlets as “foreign agents,” including Deutsche Welle, The Bell and the Committee against Torture. Many media outlets and NGOs were labeled as “undesirable organizations,” with entities like Important Stories, Bellingcat and The Insider falling into this category. This designation criminalizes any contact with these organizations.

As of December 2022, a total of 601 legal and physical entities have been registered accordingly, including 176 media outlets and 51 human rights organizations.

Freedom of expression

2



3 | Rule of Law

In Russia, there is no separation of powers. The president is effectively not held accountable to both the legislative and judicial branches. The presidential administration exercises control over the government, the federal parliament, and all regional governors and mayors of major cities. No law can be passed without prior approval from the Kremlin. The dominant party, United Russia, holds a super-majority of seats in parliament, and the other parties represented there, often referred to as the “systemic opposition,” largely align with the official stance. The same holds true for the Federation Council, the upper house of parliament, whose members are hand-picked.

Separation of powers

2



The constitutionally mandated independence of the judiciary is compromised by political trials, where courts follow direct orders from the executive, both at the national and regional levels. The constitutional reforms of 2020 further eroded the separation of powers in Russia by significantly expanding the presidency's authority. Additionally, a last-minute provision allows the acting president to potentially remain in power until 2036.

The military aggression against Ukraine has solidified Russia's autocratic system, with no indications of internal fragmentation within the political elite. While Russia formally remains a constitutional federation, regional governors lack legitimacy and prioritize loyalty to President Putin. Their personal interests are closely tied to maintaining the stability of his rule, as the overall political system's stability hinges on his leadership.

The constitution guarantees judicial independence. In practice, judicial independence is heavily impaired by undue government control, high levels of corruption and political trials in which courts follow direct orders from the executive at the national and regional levels. The Constitutional Court of Russia tends to consistently rule in favor of the executive branch, and the higher the political stakes, the more intense the pressure, including directives from top state officials.

Although the law provides for a fair and public trial, executive interference and judicial corruption undermine this right, leading to many trials with predetermined outcomes and extremely low acquittal rates. For instance, in 2020, courts acquitted only 0.34% of all defendants.

In Russia, judges of the Constitutional Court, Supreme Court and Supreme Arbitration Court are appointed by the Federation Council upon nomination by the president of the Russian Federation. Other federal judges are appointed by the president based on recommendations from the relevant qualification collegiums. District court judges are appointed directly by the president. Candidates are required to be at least 25 years old, possess a higher legal education (typically a specialist degree), have at least five years of legal experience, and pass an examination administered by the Ministry of Justice. The quality of legal education is generally low, especially outside of major cities like Moscow and St. Petersburg, and the legal education system is considered to be riddled with corruption.

In the past, some degree of judicial independence was maintained through international influence, but this has changed over time. The 2020 constitutional reform explicitly established the primacy of national constitutional norms over international law as a constitutional norm.

The war in Ukraine prompted Russia to distance itself further from international organizations that had compelled it to abide by international law. On March 15, 2022, Russia initiated the process of withdrawing from the Council of Europe (CoE), and the following day, the CoE Committee of Ministers decided to expel Russia from the organization immediately.



Despite Russia having a comprehensive legal framework, anti-corruption enforcement remains inconsistent. While numerous reports of government corruption surfaced during 2021/2022, the government largely failed to take adequate measures to identify, investigate, prosecute, or punish most officials involved in corrupt activities, creating an atmosphere of impunity. Most anti-corruption efforts remained superficial, with the Russian state neglecting to address the root causes of corruption. This is unsurprising, given the growing evidence of widespread corruption networks linked to the highest levels of government. Consequently, instances of corruption among the political elite were often exploited to settle power struggles and political disputes.

On June 9, 2021, a Moscow city court classified the Anticorruption Foundation of opposition politician Alexey Navalny, along with his political operations and the affiliated Citizens' Rights Protection Fund, as "extremist." Experts believed this move was intended to bar individuals associated with Navalny and the Anticorruption Foundation from seeking public office.

The war against Ukraine further impacted Russia's transparency practices. On December 29, 2022, President Putin issued a decree on transparency that exempted those involved in the war efforts from disclosing information about their incomes and expenses.

Civil rights in Russia are systematically violated. There are no mechanisms or institutions to protect residents. Both the state and businesses, particularly those connected to the state, engage in widespread violations. These violations encompass a range of civil rights, including the right to vote, the right to a fair trial, freedom of speech, religion, press and assembly, the right to petition, and the right to be free from sexual discrimination.

Human rights activists regularly document instances of discrimination in Russia based on factors such as gender, race, ethnicity, religion and political preference. This discrimination extends to the treatment of LGBTQ+ individuals, with laws against "gay propaganda" and numerous reports of violence. Ethnic and religious minorities, including the Tatars, Chechens and Jehovah's Witnesses, have also faced discrimination. In addition to this, political discrimination is prevalent, with government critics experiencing harassment, arrest and imprisonment.

Elections in Russia have not been free or fair for several years. Following the commencement of the war against Ukraine, the authorities initiated a comprehensive crackdown on independent media and NGOs, including restrictions on access to popular media outlet websites. In 2022, significant human rights organizations like Memorial ceased their activities or were liquidated.

State prosecution has launched biased and selective investigations against many politicians, independent journalists and NGOs. Harassment of minorities and LGBTQ+ activists has become commonplace, with high-ranking Russian officials even supporting extremely negative media coverage. In 2021/2022, NGOs advocating for LGBTQ+ community rights in Russia were classified as "foreign

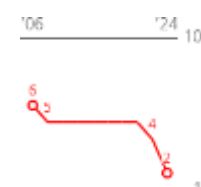
Prosecution of office abuse

3



Civil rights

2



agents,” and media outlets and internet resources were blocked and fined for “LGBTQ+ propaganda.” Police often refuse to accept complaints from victims of violence due to homophobia. Incidents of detentions, abductions, torture and murders have been documented in the North Caucasus regions.

Religious groups and human rights NGOs have reported ongoing investigations, detentions, arrests, imprisonment, torture and physical abuse of individuals based on their religious beliefs or affiliations. Authorities often accuse religious minority groups of extremism and terrorism. Furthermore, by law, the government can designate international religious-affiliated organizations or foreign religious groups as “undesirable.”

While Russia has laws aimed at protecting individual privacy, such as personal data protection and privacy in communication, concerns have grown over government surveillance and censorship that curtails freedom of expression online.

4 | Stability of Democratic Institutions

Democratic institutions are formally in place. The Russian authorities adopted many constitutional provisions and formal institutions that are attributes of democratic nations. In practice, these institutions serve as a façade that is intended to conceal the dominance of informal institutions and authoritarian practices within the regime.

The constitution and formal electoral rules may guarantee free and fair elections, but these regulations are supplemented by a mix of non-democratic procedures and informal practices, such as campaign restrictions and electoral fraud. These tactics make election outcomes predictable and safe for the incumbent regime.

The war against Ukraine has further diminished opportunities for the opposition to challenge the regime, with individuals expressing any public opposition to the war immediately facing criminal charges. Of critical importance is the lack of political competition among political parties, as the landscape is overwhelmingly dominated by the “party of power,” United Russia. A passive society and a weakened civil society, struggling under excessive state control, have contributed to the weakened performance of democratic institutions.

Nonetheless, the system has exhibited a high degree of stability, albeit at the expense of democratic institutions. The war in Ukraine necessitated the maintenance of political stability, and regional governors often bore the blame for unpopular decisions delegated by Moscow.

The Kremlin framed the war in Ukraine as an existential battle between Russia and the West, portraying the West as seeking to destroy Russia and seize control of its abundant natural resources. This narrative required the utmost mobilization of all authorities at the central, regional and local levels, with complete adherence to the official line.

Performance of
democratic
institutions

2



In practice, democratic institutions have not effectively taken root in Russia. Over the years, there has been minimal trust in parliament, political parties, courts, labor unions and even the press. However, one institution has consistently garnered the highest level of approval – namely, the presidency. Remarkably, this approval has remained largely unchanged even in the face of the president’s responsibility for the war in Ukraine.

As of December 2022, according to the Levada Center, approximately 80% of respondents expressed approval of Putin’s policies. In contrast, trust in United Russia stood at about 40% at the end of 2022. All other political parties received much lower approval ratings, with the Communist Party coming in second at around 10%, despite unanimous support for the war. In essence, the war has not substantially altered the overall landscape of wavering confidence in institutions typically associated with democracy.

5 | Political and Social Integration

The existence of a true party system, which can effectively articulate and represent societal interests, is virtually absent in Russia. In practice, the Russian Federation operates as a one-party system. Although nominally, as of the end of 2022, eight parties had at least one member in the federal parliament, the State Duma, one party dominates – United Russia. The other parties essentially function as “systemic opposition parties,” behaving as quasi-independent entities directed by the Kremlin to appeal to specific segments of the electorate in order to secure some parliamentary seats, with the condition that they support the dominant party. Importantly, all parliamentary parties and their members supported Putin’s decision to launch the war against Ukraine in 2022.

Russia’s electoral system is deliberately designed to uphold the supremacy of the ruling party, currently United Russia. Authorities frequently modify electoral laws and the timing of elections to provide advantages to their preferred candidates. The Kremlin actively obstructs any attempts to establish new, independent political parties, while also limiting the ability of opposition politicians to register as candidates for public office, gain access to media outlets, and conduct political campaigns. In the 2021 Duma elections, five parties garnered more than the required minimum of five percent of the vote, yet United Russia retained its constitutional three-quarter majority with 324 seats, despite winning only 54.2% in the proportional section of the vote.

Furthermore, United Russia holds majorities in all but four regional parliaments, as regional governors are evaluated primarily by the Kremlin based on their ability to deliver the desired election results..

Commitment to democratic institutions

2

'06 '24 10



Party system

2

'06 '24 10



Russia's landscape of interest groups is notably limited, and crucial social interests are often under-represented, a situation that has further deteriorated since February 2022. Only a handful of groups wield significant influence, primarily comprising lobbyist organizations that advocate for business interests.

Trade unions and NGOs in Russia are weak and are subject to numerous restrictions when expressing criticism of the government's policies. Since 2012, politically active foreign-funded NGOs have been compelled by law to register as "foreign agents," a designation that has been significantly expanded to encompass any unwelcome media outlets and individuals with no foreign connections whatsoever.

NGOs focusing on social issues and charitable activities continue to operate, and the authorities extend "presidential grants" to NGOs and business associations that do not challenge the government's agenda. Additionally, numerous state-sponsored civil organizations exist.

The Russian Union of Industrialists and Entrepreneurs (RSPP) stands out as a powerful economic lobbyist group that actively engages with the state. However, it does not effectively represent broader societal interests. After Russia's invasion of Ukraine, many RSPP members found themselves subject to Western sanctions, leading some to retire or leave the country. The Union has attempted to adapt, and, concerning mobilization for the war, it has proposed a new system of criteria for exceptions to retain highly trained and valuable personnel.

The Russian Orthodox Church plays a distinctive and pivotal role in supporting officialdom, despite the constitutional separation of church and state. In practice, the Russian Orthodox Church enjoys privileged status within the state and in comparison to other religions. The Kremlin administration has utilized traditional Russian Orthodox and so-called family values to construct a new ideological identity.

For years, the Russian population has regarded the Orthodox Church as one of the most trusted institutions in the country. From 2015 to 2022, these sentiments were increasingly expressed in state-controlled media outlets and influenced cultural and educational policies, notably shaping the foundation of Russian identity.

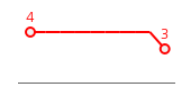
Public approval of democracy and its norms and procedures, as indicated by public polls, is generally low. However, society tends to perceive the current Russian political regime as a form of democracy. When asked about democratic principles, including democratic elections, accountability and civil rights, most of the population does not view any of these principles as essential. There appears to be a passive acceptance of democratic norms but no principled opposition to violations of these norms.

Based on polls conducted by the Public Opinion Foundation (FOM) and the Levada Center, it can be estimated that around 10% of the population are fervent supporters of democracy, the rule of law and human rights. On the opposite end of the spectrum, approximately a quarter of the population openly opposes Western-style liberal

Interest groups

3

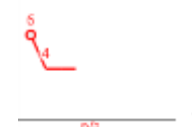
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Approval of democracy

n/a

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democracy, often preferring models that emphasize a strong government with flexible state institutions not constrained by public influence. There is minimal trust in democratic institutions such as parliament, political parties or the press.

All polls consistently demonstrate that among young people aged 14 to 29, support for democracy is slightly higher. They desire greater opportunities for youth involvement in politics. However, they, too, have limited trust in democratic institutions like political parties or parliament.

One institution that has consistently received high approval ratings over the years is that of the president. In December 2022, according to the Levada Center, approximately 80% of respondents expressed approval of President Putin's policies.

Public attitudes regarding the war in Ukraine offer insights into the level of approval for democratic norms. Opinion polls conducted by both official and independent institutions indicate that 70% to 80% of respondents in Russia support the so-called special military operation in Ukraine. These numbers remained relatively unchanged throughout 2022. Additionally, about 60% of respondents believed that they were not morally responsible for the events unfolding in Ukraine.

The level of trust among the population remains low. The few remaining autonomous, self-organized groups are often of a spontaneous and temporary nature. The COVID-19 pandemic has further eroded the already low levels of interpersonal trust and trust in societal institutions. Currently, there is insufficient reliable data to assess the impact of the war on trust.

According to a survey conducted by the Public Opinion Foundation in 2021, 48% of Russians (and 56% of young people) exhibit initial distrust toward strangers. If someone they know disappoints or lets them down, 36% of Russians indicate that they would permanently lose trust in that individual.

On March 16, 2022, Putin publicly called for the “self-purification” of society from “national traitors,” while his deputy at the Security Council, Dmitri Medvedev, labeled criticism of the Russian authorities during the war in Ukraine as “traitorous.” The state apparatus initiated “purges,” a term historically associated with the deadly policy under Stalin in the mid-1930s against any form of opposition.

In November 2022, Putin signed a decree titled “On Approval of the Fundamentals of State Policy to Preserve and Strengthen Russia's Traditional Spiritual and Moral Values.” This decree aims to shield Russia from “sociocultural threats” and allocate state budget funds to efforts aimed at bolstering “traditional values,” which are defined by the state rather than society. There is growing concern among the populace about with whom they can freely engage in conversation.

The most recent Human Capital Index from the World Bank, evaluated for 2020, places Russia at a value of 0.6. Russia ranks among the top 10 countries globally that have improved their human capital over the past decade, along with Türkiye and Ukraine. Nonetheless, the military aggression is expected to have a profoundly negative impact on this development.

Social capital

3

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1

II. Economic Transformation

6 | Level of Socioeconomic Development

Poverty in Russia is less prevalent than extensive inequality. Russia is often named as one of the world's most unequal countries. In 2021, the Boston Consulting Group (BCG) reported that Russia's financial elite, consisting of approximately 500 wealthiest individuals, controlled 40% of the country's entire household wealth. The Gini index value for Russia, estimated by the World Bank, was 36.0 as of 2020, down from 37.7 in 2019 and 42.3 in 2007.

Key indicators reflect a relatively high level of socioeconomic development in Russia. According to the 2021/2022 Human Development Index (HDI) report, Russia ranks 52, placing it in the category of "very high human development," alongside countries like Romania and Brunei.

There is no evidence of significant social exclusion based on poverty, education or gender. The 2021 UNDP Gender Inequality Index indicates a steady improvement for Russia, with a score of 0.203. The World Bank reported a gradual decline in the official poverty rate in Russia before the war in Ukraine, decreasing from 12.6% in 2018 to 11.4% in 2021. However, real disposable income has remained stagnant or declined for five consecutive years. The World Bank attributes this economic outlook to the impact of sanctions imposed on Russia after the invasion of Ukraine, particularly in the medium and long term.

The COVID-19 pandemic led to a drop in real disposable income and an increase in unemployment, benefiting the country's wealthiest individuals while negatively affecting the living standards of the poorest.

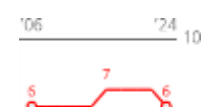
Socioeconomic disparities are significant across different regions of Russia. Large cities like Moscow and St. Petersburg have achieved development levels close to those of middle-income European countries. Some regions have shown improvement, such as the resource-rich Khanty-Mansiysk Autonomous District. However, the vast rural periphery, especially in the North Caucasus, experiences very low levels of development.

Data published by the Russian Ministry of Finance for the period from 2019 to 2025 reveal a notable increase in spending on national defense and security in 2022. This growth is expected to continue in subsequent years, funded by cuts in education and health care.

Question
Score

Socioeconomic
barriers

6



1

Economic indicators		2019	2020	2021	2022
GDP	\$ M	1693115.0	1493075.9	1836892.1	2240422.4
GDP growth	%	2.2	-2.7	5.6	-2.1
Inflation (CPI)	%	4.5	3.4	6.7	-
Unemployment	%	4.5	5.6	4.7	-
Foreign direct investment	% of GDP	1.9	0.6	2.2	-1.8
Export growth	%	0.7	-4.2	3.3	-13.9
Import growth	%	3.1	-11.9	19.1	-15.0
Current account balance	\$ M	65627.3	35372.7	122113.8	236077.1
Public debt	% of GDP	13.7	19.2	16.5	18.9
External debt	\$ M	485793.3	460933.9	481418.1	-
Total debt service	\$ M	96208.2	110111.3	100993.7	-
Net lending/borrowing	% of GDP	2.3	-1.8	1.2	-
Tax revenue	% of GDP	10.9	10.8	11.6	-
Government consumption	% of GDP	18.1	20.0	17.3	17.7
Public education spending	% of GDP	3.5	3.7	-	-
Public health spending	% of GDP	3.5	5.4	-	-
R&D expenditure	% of GDP	1.0	1.1	-	-
Military expenditure	% of GDP	3.9	4.2	3.7	4.1

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market competition in Russia operates within a weak institutional framework that imposes uneven rules on market participants. The informal sector plays a significant role in the economy, despite institutional guarantees of market-based competition. State price regulation is primarily limited to utilities, although there have been instances of state intervention in price-setting, such as in the fuel sector in November 2018.

A consistent trend in the Russian economy is its increasing orientation toward a state-controlled economy. This trend intensified after the outbreak of the war, particularly following the adoption of the federal law mandating enterprises to fulfill state contracts. In 2022, the head of the central bank emphasized the necessity of a structural transformation of the Russian economy. Shortly after the war's commencement, on February 28, 2022, the government established a special commission to enhance the stability of the Russian economy under sanctions.

The state has significantly expanded its ownership or control over companies deemed strategically important, disadvantaging private and foreign investors. This unfavorable business environment, characterized by uncertain property rights, has led to investment levels well below what is required to meet Russia's economic needs. Bureaucratic hurdles pose a substantial obstacle to operating small or medium-sized enterprises.

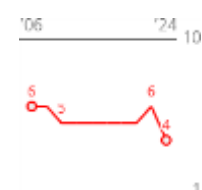
The shadow economy remains a challenge, with the International Labour Organization (ILO) estimating informal sector employment at 20.3% in 2021. The Russian Presidential Academy of National Economy and Public Administration reported that in the second quarter of 2022, approximately 18.7% of the employed population worked in the informal economy. However, there are significant regional variations, with Moscow and St. Petersburg having much lower informal employment rates at 3.0% and 6.7%, respectively, while in the North Caucasus, including Ingushetia, Dagestan and Chechnya, the informal employment rate is around 50% in each region.

Russia has competition laws in place to prevent monopolistic practices and structures, but they are not consistently enforced. These regulations are primarily based on the constitution, the Civil Code of the Russian Federation and the Federal Law of July 26, 2006, titled "On Protection of Competition." The Federal Anti-monopoly Service (FAS) is the main authority responsible for safeguarding competition and ensuring competitive neutrality. While the FAS is technically an independent agency, there is ongoing debate about its ability to operate free from political influence in Russia.

In March 2020, a federal law introduced the concept of "anti-monopoly compliance." For instance, in 2021, the FAS imposed a fine on Apple for abusing its dominant position in the distribution of mobile applications on the iOS operating system, where it favored its own products. Apple paid the \$12.1 million fine by the end of 2022. In February 2022, the FAS found Google guilty of abusing its dominant position in the YouTube video-hosting market, and Google later paid a fine of \$34 million.

Market
organization

4



Competition policy

6



However, many sectors of the economy, particularly those deemed critical to national security, remain shielded from competitive pressures and have been incorporated into sector-specific conglomerates.

Despite ongoing debates among policymakers, “natural” monopolies in industries like natural gas and transportation have not undergone significant reforms. The anti-monopoly agency in Russia has been effective in addressing competition issues in liberalized sectors of the economy, although its effectiveness is somewhat diminished at the regional level, where some administrations have hindered competition. Nonetheless, the agency conducts numerous investigations into abuses of dominant market power and the formation of cartels on an annual basis.

Foreign trade follows nondiscrimination principles in form but is significantly distorted by state interference, special rules, tariffs and non-tariff barriers. Russia’s economic integration into the world market is selective, and in the 2021 Competitiveness Report by the Institute for Management Development (IMD), Russia was ranked 45th out of 65 countries.

However, significant barriers to free trade emerged following Russia’s aggression against Ukraine. Western economic sanctions have been imposed, and the Russian authorities have retaliated with a wide range of counter-sanctions targeting “unfriendly” countries, including the United States, the European Union and several others. The Russian central bank reported a 9% decline in imports in 2022, although imports from countries like China and Türkiye increased considerably.

The Russian government often claims that these sanctions promote import substitution and help revitalize domestic production. The scope of sanctions continued to expand throughout 2022 and early 2023. Major Russian banks, such as VTB and Sberbank, were disconnected from the SWIFT payment system, and MasterCard and Visa payment systems were suspended in Russia. Conversely, the Russian MIR Card was suspended in most other countries, including Eurasian Economic Union member states. The assets of the Russian central bank and several individuals, including politicians, were frozen. The sale, delivery or transfer of aircraft, spare parts, equipment, software and electronic gear to Russia was banned.

The United States and other countries of the “collective West” decided to terminate trade relations with Russia and Belarus and imposed a gradual ban on energy imports from Russia. EU countries also imposed an embargo on Russian coal imports and expressed their readiness to completely eliminate oil and gas imports from Russia.

In response to Western sanctions, Russia issued a decree titled “On the Application of Special Economic Measures in Connection with Unfriendly Actions of the United States and Their Adjoining Countries.” This decree prohibits Russian residents from obtaining foreign loans in a foreign currency and depositing foreign currencies in bank accounts outside Russia. Exporters are required to sell 80% of their foreign currency earnings to protect the exchange rate of the ruble.

Liberalization of foreign trade

4



Russia is a driving force behind the Eurasian Economic Union, which has a single market of approximately 180 million people. Together with its members Armenia, Belarus, Kazakhstan and Kyrgyzstan, this customs union has implemented standard tariffs and removed many customs duties and trade barriers, with exceptions for protective measures to prevent price dumping.

The banking system and capital market are differentiated and oriented in principle to international standards. However, they lack effective supervision in practice. This lack of oversight makes the financial system more susceptible to sudden stops and capital flow reversals. Additionally, the Russian banking sector is underdeveloped and operates inefficiently as a financial intermediary, with state-owned banks dominating the landscape.

While the number of banks in Russia remains relatively high, it has been declining in recent years. In December 2014, there were 842 banks operating in Russia, but as of January 2023, only 326 banks and 35 non-bank financial institutions remain. The central bank reported a capital adequacy ratio of 12.5% in 2021, and nonperforming loans accounted for 8.3% of total gross loans in 2020, a slight improvement from 8.8% in 2019. However, the latest figures for 2022 look much less encouraging.

According to the Russian central bank, the banking sector's profits in 2022 were significantly lower than in 2021, decreasing from RUB 2.4 trillion to RUB 0.2 trillion rubles. Furthermore, the total value of mortgage loans in Russia in 2022 was RUB 4.85 trillion, representing a 10% decline compared to 2021.

In part due to government support for Russian banks, the COVID-19 pandemic did not trigger a crisis in the sector. However, with the onset of the war in February 2022, most large banks faced immediate sanctions. Some notable exceptions as of January 1, 2023, include prominent private banks like Tinkoff and Raiffeisen Bank.

8 | Monetary and fiscal stability

Monetary stability has been an important and broadly shared economic policy objective. While the monetary authority is theoretically independent, it is not entirely detached from the demands and uncertainties of the autocratic regime, a fact that became evident in the wake of the war and its detrimental impact on Russia's economy.

According to the U.S. Federal Reserve, the real effective exchange rate of the ruble was 75.07 (Index 2010: 100) in February 2022. The value of the dollar against the ruble surged dramatically after the outbreak of the war, reaching as high as RUB 120 per dollar (up from the usual range of RUB 70 to RUB 80) in early March. Following this peak, the dollar's value gradually declined, hovering around RUB 60 per dollar until the end of November. This represented the strongest performance of the ruble in years, though it still had limited convertibility. Bloomberg Economics predicts a 15% to 20% depreciation of the ruble against the U.S. dollar in 2023.

Banking system



Monetary stability



This turnaround was made possible by the central bank's draconian measures, including a rapid increase in the bank interest rate from 9.5% to 20% shortly after the invasion, gradually decreasing to 7.5% in 2022. The surge in energy prices also contributed to the ruble's strength, as these revenues were settled in rubles starting in April 2022.

In December 2022, the ruble began to fall, which was noticeable not only in the exchange rate against the dollar but also against other currencies like the Kazakh tenge. This decline was linked to the European Union's imposition of a cap on oil prices, essentially a means to reduce the inflow of foreign currency into Russia through oil and gas revenues, which constitute a significant portion of exports.

Consumer price inflation followed a similar trajectory. In 2021, the World Bank reported an average consumer price index inflation of 6.7%. According to Statista, by January 2023, the inflation rate in Russia had risen to nearly 11.8% compared to the same month the previous year. This figure represented a decrease from the almost 18% inflation rate recorded in April 2022 and seemed to align more with inflation trends in most OECD countries. Furthermore, official figures indicated a continued downward trend in inflation.

The government's budgetary policies generally promote fiscal stability but lack institutional safeguards, making them susceptible to ad hoc policy changes. Over the past two decades, Russia has consistently followed an austerity policy, resulting in budget surpluses and the accumulation of substantial macroeconomic reserves. As a result, its fiscal position has proved resilient, enabling it to withstand not only the pandemic but also the unprecedented wave of sanctions, at least until now.

Before Russia initiated its invasion of Ukraine, the government had set a target of achieving a state budget surplus of 1% of GDP for 2022. However, the budget deficit eventually reached RUB 3.3 trillion, equivalent to 2.3% of GDP, according to the finance minister. This shift into negative territory toward the end of 2022 can be attributed to declining revenues from energy exports and the growing financial strain of the Ukraine war on state finances.

In 2022, Russia's public debt-to-GDP ratio stood at 17%, slightly higher than the average of the past decade. The proportion of external debt within the overall structure is decreasing, while internal debt is on the rise. Specifically, in 2022, external debt accounted for 18% of the total, with internal debt making up the remaining 82%.

Official figures show that Russia's GDP contracted by 2.2% in 2022, which was less severe than initially anticipated. However, considering the strong 4.7% growth recorded in 2021 (according to the World Bank) and the originally expected GDP growth of at least 3% in 2022, this decline is still significant when measured against potential growth. Moreover, it remains uncertain whether the exceedingly optimistic

Fiscal stability

6



IMF forecast of 0.3% GDP growth in 2023 will materialize. In any case, a substantial portion of this projected growth is expected to come from the burgeoning industrial military sector, which may not provide a comprehensive picture of the Russian economy's sustainability and development prospects.

In 2021, according to the central bank, capital outflow from Russia amounted to \$74 billion. In 2022, the central bank initially projected a capital outflow of \$246 billion but later revised it to \$251 billion in October. For 2023, the central bank anticipates a capital outflow of \$124 billion.

9 | Private Property

Property rights and the regulation of property acquisition are defined by law. Except for the sale of farmland, legal provisions are in place. However, these legal provisions are not consistently enforced or adequately protected, particularly from interference by government entities, influential bureaucrats or well-connected business figures. This situation has remained unchanged during the reporting period, as evident from Russia's rankings in the International Property Rights Index, where it placed 81st out of 129 countries in 2021 and 85th in the 2022 ranking.

Moreover, in strategic sectors such as the oil and gas industry, the state has systematically diminished the role of private ownership through various means. These include administrative pressures that have resulted in confiscations or negotiated sales. Despite announcements of privatizing state assets over many years, little progress has been made in this regard.

As of 2022, foreign companies seeking to exit the Russian market and sell their assets require approval from the highest authorities to do so. The proceeds from their businesses are frozen if they originate from "unfriendly countries," and shareholder rights are suspended.

Certain property rights, especially those related to copyrights and intellectual property, are routinely disregarded. On March 6, 2022, the Russian government issued a decree mandating that patent owners from "unfriendly countries," such as the United States and the EU, would be paid a compulsory license fee of 0% for the use of their patents. Additionally, another government decree from 2022 authorized Russian companies to import goods without the brand owner's permission, creating a thriving gray market for goods in which countries like Türkiye, China, Kazakhstan and Kyrgyzstan played particularly prominent roles in 2022.

Property rights



Private companies are viewed institutionally as important engines of economic development but are insufficiently protected by existing legal safeguards. Historically, the privatization of state-owned enterprises primarily served clientelist interests. In the 1990s, Russia's initial privatization efforts resulted in the transfer of significant wealth to a relatively small group of business oligarchs, particularly bankers and executives in the natural gas and oil sectors (the first generation of oligarchs). Additionally, some "strategic" assets, including a substantial portion of Russia's defense industry, remained under state ownership and were not privatized.

During President Putin's tenure, a second generation of oligarchs has emerged that benefit from their close ties to the president. They have established a network of corrupt banks, notably Bank Rossiya, and companies, particularly in the construction sector. Some of them also assumed leadership positions in state-run entities, especially in the energy sector (e.g., Gazprom and Rosneft) and military industries. All of this was to the personal advantage of the incumbent president.

Despite the challenges posed by the COVID-19 pandemic, the government did not opt for nationalizing companies or taking equity stakes in struggling firms. The proportion of small and medium-sized businesses in the economy is currently only around 16%, and this figure is on the decline. The insufficient protection of property rights presents a significant obstacle to the vibrancy of the private sector, particularly for SMEs. Following the conflict in Ukraine, it has also become a hindrance to foreign businesses. This is not only due to the deliberate withdrawal of many foreign companies but also because of prohibitive conditions for their sale and instances of de facto expropriation.

In numerous cases, well-connected individuals from the business world or civil service have managed to strip successful private entrepreneurs of their assets with the assistance of law enforcement agencies, tax authorities and health inspectors. The leadership is well aware of these corporate raids, and President Putin has raised the issue multiple times. However, these concerns have not yielded tangible results, giving the impression of being mere superficial gestures.

10 | Welfare Regime

Social safety nets in Russia are relatively well developed, but they do not cover all risks for every segment of the population. A significant portion of the population remains vulnerable to poverty. The percentage of people with incomes below the official poverty line (approximately \$14 per day) is expected to increase from 11.4% in 2021 to 12.8% in 2022, representing an increase of 2.6 million people.

Russia has a comprehensive bureaucratic system for social security. However, in practice, bureaucratic efficiency is hampered by widespread red tape and corruption. Special government programs aimed at improving health care and addressing rural poverty have achieved limited success, primarily due to the sheer magnitude of the issues at hand.

Private enterprise



Social safety nets



The Russian Federation offers its citizens basic medical insurance, known as OMC (free universal health care). While citizens have the option to purchase privately owned insurance or DMC, only around 5% of the population has it. People covered by OMC do not receive coverage for many essential treatments, which are only available at commercial facilities where patients must pay out of pocket. Moreover, a significant number of imported medicines disappeared from Russian pharmacies after the outbreak of the war in 2022. Due to growing budget constraints, the government plans to reduce health care expenditures. In 2022, health care expenditures amounted to 5.3% of GDP.

Unemployment benefits in Russia are quite low and are designed not to exceed the previous year's minimum wage level. In 2022, actual unemployment benefits ranged from RUB 1,500 to RUB 12,792 per month. For reference, the average monthly salary in Russia in 2022 was approximately RUB 57,244 (around \$1,000).

Since the onset of the war, the government has provided financial assistance to individuals drafted into the Russian army. These benefits encompass free travel, the provision of food and clothing, and compulsory state insurance. Social support measures also include extensions for loan repayments and exemptions from late payment fees.

Equality of opportunity remains elusive as certain groups, including women and members of ethnic, religious and other communities, have limited access to education, public office and employment opportunities. While there are legal provisions in place to combat discrimination, their enforcement is inconsistent and subject to change.

The constitution and laws assert that men and women enjoy equal legal status and rights. However, women often face significant restrictions, encountering discrimination in the workplace, wage disparities and difficulties in accessing credit. In 2021, the government lifted Soviet-era gender-based employment restrictions, allowing women to pursue approximately 350 types of jobs previously prohibited, such as truck driving. Nevertheless, the Ministry of Labor maintained prohibitions on 100 occupations, including firefighting.

Women do have equal access to education, with Russia's female-to-male tertiary education enrollment being notably high by international standards. Women constitute 48.3% of the labor force in Russia.

Despite these achievements, women remain under-represented in executive positions in businesses and in politics. For instance, according to the Inter-Parliamentary Union, Russia ranks 128th out of 187 countries in terms of women's representation in national parliaments, with women occupying only around 15% of elected seats. As of July 2021, women held approximately 10% of ministerial positions.

Equal opportunity

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'06 '24 10



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Reports suggest that sexual harassment is prevalent, but victims often face challenges in pursuing their claims due to insufficient evidence. Furthermore, there is no legal definition of harassment, nor are there comprehensive guidelines on how it should be addressed.

Similar issues exist for LGBTQ+ individuals. In 2020, voters approved a package of constitutional amendments, one of which explicitly defines marriage as exclusively between a man and a woman, establishing it as a constitutional norm. Targeting the LGBTQ+ community has become a component of the ongoing campaign to promote “traditional values” within Russian society.

11 | Economic Performance

Russia’s economic performance is poor. Following a notable recovery from the COVID-induced downturn in 2021, the Russian economy faced unprecedented Western sanctions in 2022, leading to a significant negative impact on most fronts. The increasing burden of the ongoing war, extending into 2023, which was unforeseen in its scope and intensity, has exacerbated the country’s economic woes.

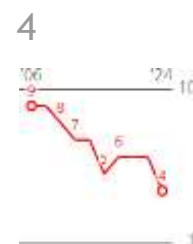
By the end of 2022, the IMF estimated that Russia’s GDP (in current prices) was \$2,140 billion or \$14,700 per capita. Initially, the Russian government had projected a GDP decline of at least 3% for 2022, but the actual contraction turned out to be 2.2%. In the same year, the federal budget of the Russian Federation showed a deficit of RUB 3.3 trillion, equivalent to 2.3% of GDP, as reported by the finance minister.

Some indicators suggest that the macroeconomic situation may be more challenging than is officially reported. For instance, Russia’s car production plummeted by 67% in 2022, reaching only 450,000 passenger cars, marking the industry’s worst performance since the collapse of the Soviet Union in 1991. Retail sales in Russia declined by 6.6% year-on-year in January 2023. The air travel sector was severely impacted due to the closure of airspace and the ban on Western-made aircraft. Several respected economists have raised doubts about the accuracy of the officially reported macroeconomic figures.

According to the Russian president, the unemployment rate in Russia in 2022 stood at 3.7%. The previous year, it was approximately 5%, down from 5.6% in 2020. However, this achievement largely reflects the common practice of unpaid or partially paid leave. In 2022, Rosstat estimated inflation at 11.94%, following a 2021 rate of 8.4%.

As of February 27, 2022, Russia’s credit ratings were at BB according to S&P, but they declined to CC by March 17, 2022. In 2021, the country saw an inflow of FDI amounting to around \$38 billion and an outflow of \$64 billion. Russia’s invasion of Ukraine in February 2022 further exacerbated the challenging investment climate,

Output strength



resulting in over 1,000 Western companies either ceasing or significantly reducing their operations in Russia. The pressure to disengage from Russia remains substantial in Western countries.

Russia's industrial sector has witnessed a significant rise in capacity utilization, reaching its highest level since the early 1990s, estimated at 78.5% in October 2022 by the Gaidar Institute. This increase is attributed to the departure of some foreign suppliers, import substitution efforts, and, most notably, the expansion of military production. Military expenditure is expected to surpass five percent of GDP, marking the first time since the Soviet Union's collapse.

12 | Sustainability

Environmental concerns receive only sporadic consideration and are often subordinated to growth efforts. Environmental regulations are weak and lack effective enforcement.

Russia has committed to two significant climate goals: a presidential decree aiming to reduce greenhouse gas emissions to 70% of their 1990 levels by 2030 and a government decree targeting a reduction to 20% of 1990 emissions by 2050. In 2019 (although it was signed in 2016), Russia joined the Paris Protocol, which replaced the Kyoto Protocol. This agreement outlines goals for reducing greenhouse gas emissions and pledges \$100 billion annually to support environmental initiatives in developing countries.

In early 2022, prior to the outbreak of the war, the Russian government announced a renewed focus on environmental regulations, including laws related to secondary material resources and the extended responsibility of manufacturers and importers for product and packaging disposal. However, later in 2022, the state's agenda shifted entirely toward addressing the war and sustaining the economy under the sanctions regime.

Since 2009, government and enterprise spending on environmental protection in Russia has nearly quadrupled, exceeding 1.24 trillion Russian rubles in 2021.

Russia faced several environmental disasters in 2021/2022, including widespread forest fires, particularly in Siberia, which have become a recurring issue. In 2022, the affected area reached over 8.96 million hectares, causing an estimated RUB 7 billion in damage. Federal funding for firefighting efforts increased from 6 billion rubles to 14.2 billion rubles. Additionally, the thawing of permafrost compounds these environmental challenges.

Environmental
policy

3



Education policy ensures a nationwide system of sound education and training, and the research and technology sector is relatively advanced. Investment in education and training is below 4% (2020) of GDP, and investment in research and development is below 1.5% of GDP (2020).

At the beginning of the 2021/2022 school year, over 8.2 million students were enrolled in basic general education, encompassing grades five to nine, in Russia. The total number of general education students in the country reached approximately 17.3 million. As of 2023, the literacy rate in Russia stands at an impressive 99.72%.

Russia boasts one of the highest tertiary attainment rates globally, with 63% of 25- to 34-year-olds holding tertiary qualifications, compared to the OECD average of 44%.

The Russian government has designated education as a top priority and one of the four “national projects” to receive significant funding. According to the World Bank, Russia is among the top 10 countries globally in terms of improving human capital development over the past decade, leading to a U.N. Education Index score of 0.823.

During the COVID-19 pandemic, most schools and universities were temporarily closed, and few institutions were adequately prepared for e-learning. The conflict in Ukraine has had significant implications for both secondary and higher education. In the early days of the war, Russian schools received guidelines for teaching students in grades 7 to 11 about the conflict in Ukraine, presenting the official perspective on the reasons for the “special military operation” and alleged NATO threats.

The administrations of major Russian universities and the Academy of Sciences openly supported the “special military operation.” On March 4, 2022, an open letter from the Russian Union of Rectors expressing support for the invasion was published. In some universities, students were compelled to organize rallies in support of the war.

On December 20, 2022, the agreement between the Russian government and the Cabinet of Ministers of Ukraine for the mutual recognition of educational diplomas and academic titles was terminated.

Additionally, on April 11, 2022, the Bologna Group announced its decision to cease the representation of Russia and Belarus in all structures of the Bologna Process. This followed Russia’s announcement of its withdrawal from the Bologna education system and represents a broader severing of ties between the West and Russia in the fields of science and education.

Education policy /
R&D

5

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1

Governance

I. Level of Difficulty

The structural constraints on governance in Russia are relatively low, and key indicators have shown a relatively high level of socioeconomic development in recent years. However, the ongoing war against Ukraine may jeopardize this development.

Russia's vast landmass, diverse physical geography and challenging climatic conditions do present infrastructure challenges, primarily due to the extensive permafrost covering over one-third of the country's territory. The majority of the population is concentrated in the more hospitable western and southern regions, leaving large areas with sparse populations. Russia has yet to establish high-speed transcontinental rail connections and a modern highway system.

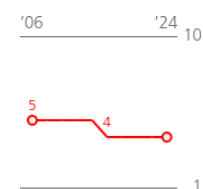
Another governance challenge is the competition between urban and peripheral Russia. Twelve cities with populations of one million or more, along with two others in proximity, are home to over 21% of the country's population. These cities are undergoing post-industrial transformations that are altering employment structures, with an increasing share of skilled white-collar workers and employment in small businesses. Large cities also host the majority of internet users and the Russian middle class.

The quality of governance in Russia is a limiting factor in national competitiveness, which is increasingly vital in a globalized world. The combination of over-centralization and suboptimal national governance leads to an unequal distribution of regional economic competitiveness, providing significant advantages to Moscow, Saint Petersburg, and the oil and gas-producing areas.

Furthermore, Russia's educated workforce is shrinking by approximately 0.7 to 0.8 million people annually due to demographic shifts. Health standards are declining, alcoholism rates remain high, and the population is aging, creating serious demographic challenges. Russia's population has decreased from 147 million in 2000 to an estimated 145.8 million, partly attributed to the excess death rate during the COVID-19 pandemic, which claimed nearly 400,000 lives, according to the official website of the Pandemic Operations Headquarters.

Structural
constraints

4



Civil society traditions in Russia are relatively weak, and the country has a low level of social capital. In 2020, Russia was ranked 99th on the Social Capital Index by the Goldman Sachs Commodity Index (GSCI). It's important to note that this ranking relied on historical data that did not yet reflect the impact of Russia's war against Ukraine. Estimates suggest that Russia's score would drop by approximately 10 points in 2022.

Since 2012, NGOs engaged in political activities and receiving financial support from abroad have been required to register as "foreign agents." Inclusion on this list subjects organizations to the highest level of state scrutiny, making it extremely challenging for them to operate. In 2020, the parliament passed even stricter regulations affecting organizations beyond those involved in political activities.

Following the onset of the war against Ukraine, the authorities initiated a comprehensive crackdown on opposition NGOs. 36 media outlets and NGOs were labeled as "foreign agents," while others were categorized as "undesirable organizations." As of December 2022, a total of 601 legal and physical entities are listed on the register.

In April 2022, the Ministry of Justice removed 15 organizations from the registry of branches and representative offices of international organizations and foreign non-profit NGOs. This action affected organizations such as the Moscow Carnegie Center, Amnesty International, Human Rights Watch and all German political foundations, compelling them to cease their operations in Russia. In the case of the Carnegie Center, for instance, only the Russian director remained in the country and aligned closely with the regime and its stance on the war in Ukraine.

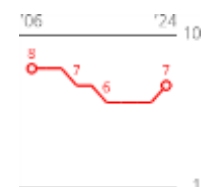
Conflict intensity in Russia is relatively low, despite the ongoing war against Ukraine. Although there are significant political, social, ethnic or religious differences within the country, political actors have limited opportunities to exploit these divisions for polarization. Incidents of violence within Russia itself are rare. However, in the annexed regions of Ukraine, conflict intensity is very high.

There is no visible fragmentation among Russian elite groups, as they are largely united around Vladimir Putin. Even the Chechen Republic, which was highly unstable in the 1990s, has become one of the most loyal regions to Putin's regime. The governor of Chechnya has even called for the revival of Stalinist terms like "enemies of the people" and "national traitors" to describe those who criticize the war against Ukraine.

Russia's most prominent opposition activist, Aleksey Navalny, was sentenced to nine years in prison in 2021, leading to protests in support of him, with more than 10,000 people detained. Interestingly, there is a highly unequal distribution of urban protest activity across the country, with significant variation in the number of protesters among regional capitals.

Civil society traditions

7



Conflict intensity

5



After the war against Ukraine began, protests continued for several months and included various forms such as solitary pickets, mass marches and other forms of protest. These protests lasted until around June. In September 2022, when mobilization was announced, protests erupted in over 30 Russian cities, resulting in approximately 800 people being detained each time. The total number of detentions during actions against the war and mobilization reached 19,478.

Two waves of mass migration occurred at the outset of the war in February and during mobilization in September 2022, totaling around 800,000 people. This migration can also be seen as a form of protest or a means to alleviate pressure, which may explain why borders have remained open despite the economic cost.

In 2021/2022, several organizations advocating for the rights of the LGBTQ+ community in Russia were labeled as “foreign agents.” Media outlets and internet resources were periodically blocked and fined for “LGBTQ+ propaganda.” There have been documented cases of unlawful detentions, abductions, arrests, torture, and murders of LGBTQ+ individuals in the North Caucasus, often involving security forces.

According to a September 2021 Levada Center poll, 87% of respondents claimed not to know any LGBTQ+ individuals personally, 38% viewed them with “disgust or fear,” and 42% believed they should not have the same rights as other social groups.

During 2021/2022, no major religious conflicts were reported in Russia.

II. Governance Performance

14 | Steering Capability

The government’s approach to setting strategic priorities lacks consistency, often giving way to short-term political bargaining and rent-seeking interests. Policy measures are rarely organized and prioritized effectively. Russia’s priorities are not significantly influenced or constrained by external actors such as parliament, political parties, unions, civil society, oligarchs, regional elites or foreign actors.

In contrast to the turbulent 1990s, subsequent presidents, including Vladimir Putin and Dmitry Medvedev, have attempted to articulate more precise and comprehensive long-term priorities. However, the implementation of these long-term goals has been sporadic and often at odds with the broader objectives of establishing democracy, pluralism, the rule of law and a market economy anchored in principles of social justice.

Question
Score

Prioritization

4

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To bolster the government's strategic capacity, the Center for Strategic Research was established as a think tank tasked with developing long-term growth strategies for the country. Additionally, Russia enacted a law on regulatory impact assessment, requiring an analysis of the economic, social and environmental effects of new regulations. Strategic planning units were also established in various ministries and agencies to formulate long-term plans and strategies in their respective areas and oversee their implementation. These initiatives aimed to improve policymaking and implementation in Russia.

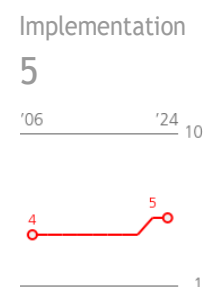
However, it remains evident that the preservation of President Putin's power remains the primary and highest priority for Russia's executive branch. While the government may set and maintain other strategic priorities, its political will and capacity to implement policy measures are limited. Strategic initiatives in areas like health care, welfare provision, education and corruption control, which require support from state administration across regions, have not been successfully executed. This failure has been publicly acknowledged by the president on numerous occasions.

Since the Ukraine crisis of 2014, the balance of power has shifted toward the "siloviki," who advocate for a more assertive Russia in international affairs and have limited faith in cooperation with the European Union and the United States. Since the beginning of the war against Ukraine, strategic decisions have primarily been made by the "siloviki," and their focus is primarily on one goal – defeating Ukraine.

The government has failed to implement many of its policies for several years, facing a number of challenges in this regard. One significant obstacle is the widespread corruption that pervades Russia and imposes a substantial burden on the country's development. This perception of corruption is not limited to independent experts and surveys of foreign and domestic businesses but has also been acknowledged by top state representatives, including the president. They have consistently cited corruption as a critical impediment to modernization and the country's journey toward becoming a prosperous, democratic and just state.

While state auditors often possess the necessary competence, they lack sufficient enforcement powers. Rules designed to hold politicians and bureaucrats accountable are rarely enforced. Public procurement processes, while subject to manipulation, have seen some improvement in regulation and transparency due to the introduction of mandatory tenders, although loopholes still exist.

The courts do not consistently prosecute corruption cases, and civil society remains too weak and passive to exert a significant impact. Additionally, the media and non-governmental organizations (NGOs) have been systematically discouraged from addressing corruption cases and issues related to public integrity.



However, it is noteworthy that the Russian government has been able to initiate a controversial war against its neighbor, Ukraine. Given that the war has not gone as planned, substantial efforts and resources have been redirected toward its conduct. In this deplorable sense, implementation in this area has been more resolute than in any other aspect of governance.

The government demonstrates little willingness and ability to engage in policy learning, maintaining rigid enforcement of policies and lacking the flexibility to adopt innovative approaches. The decision to initiate a war against an independent neighboring state appears to be a self-harming and potentially self-defeating policy choice.

Evaluating the innovativeness and adaptability of the Russian government requires taking into account the country's size and regional disparities. The central government bureaucracy is generally of higher quality than its regional counterparts. Corruption and over-centralization stand out as the primary impediments to learning and the dissemination of best practices across the nation. Moreover, there is little incentive for politicians and bureaucrats to embrace best practices, as they often lack accountability.

Following the annexation of Crimea in 2014, international cooperation, consultancy and expertise in Russia dwindled, contributing less to the learning process. The war against Ukraine in 2022 brought such interactions to a complete halt.

Prior to 2022, there were opportunities for international partners and expert groups to evaluate, monitor and share good practices in Russia. For instance, the European Bank for Reconstruction and Development (EBRD) has been collaborating with Russia since the early 1990s to support economic and social reforms. The United Nations Development Programme (UNDP) also worked with the Russian government on various issues, including governance, social inclusion and sustainable development. Additionally, the Organization for Economic Co-operation and Development (OECD) regularly conducted reviews of Russia's economic policies, offering recommendations for improvements.

What remains are annual international conferences and forums, such as those in St. Petersburg and Vladivostok, where experts from around the world convene to exchange best practices and experiences. However, since 2022, these gatherings have seen limited participation from representatives of the so-called "unfriendly countries."

Policy learning

3



15 | Resource Efficiency

Although market reforms have improved resource efficiency in the last two decades and a stringent austerity policy has rendered government funds more efficient, the efficient use of human and organizational resources continues to suffer at the hands of an often corrupt and incompetent state bureaucracy. There is a high number of politically motivated new appointments and dismissals of public servants, especially in the Russian regions. For instance, in 2020, President Putin removed the governor of the Khabarovsk region, Sergei Furgal, and replaced him with a member of the ruling United Russia party. Personal connections and patronage hold significant sway, often leaving talented individuals overlooked in various spheres associated with the state.

Budget planning and expenditure management have shown marked improvement. The state budget has been consolidated, and there is a minimal deviation of actual budget expenditures from the planned figures. Even after the launch of the war in February 2022, the state debt remained relatively low by international standards, at least initially, as long as the full-scale war was downplayed as a “special military operation.” As of December 1, 2022, the Russian National Welfare Fund stood at \$186.49 billion, equivalent to 8.5% of GDP. In 2023, due to the rapidly escalating costs of warfare, which present opportunities for fraud and waste, funding for national projects in education, science, housing, ecology, and other areas is expected to decrease by at least 7%. The state’s executive bureaucracy, which represents 2% of total employment, does not exceed international standards in terms of size.

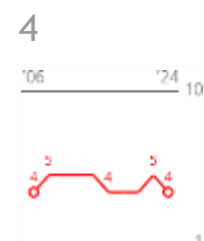
The government often fails to coordinate between conflicting objectives. Different parts of the government tend to compete among each other, and some policies have counter-productive effects on other policies.

Due to the increasingly central role of the president and his inner circle in Russia’s political system, policy coordination is predominantly hierarchical and at the discretion of the president and his apparatus. At the same time, the “system” only works with personal connections. Therefore, the president makes use of presidential commissions that are composed of government ministers, advisers and presidential appointees, rarely involving elected deputies from the federal or regional level.

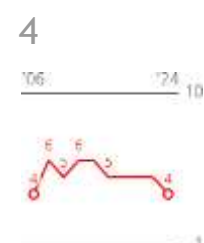
Meaningful “responsible” decentralization, which would establish local self-government with legal and financial autonomy, supported by mechanisms for public oversight of local administration activities, remains limited.

Additionally, there is a lack of trust between different elite groups, making coordination among them too politically risky, as it could jeopardize their own survival. This is also generally true for the regional tier of government.

Efficient use of assets



Policy coordination



The decision to engage in the war against Ukraine appears to align with the interests of the “siloviki” but contradicts the interests of moderate economists within the government. These conflicting interests are counter-productive and have the potential to harm both the economic and political well-being of the country.

Despite Russia having a comprehensive legal framework, the enforcement of anti-corruption measures is inconsistent, and there have been numerous reports of government corruption during 2021/2022.

The government has failed to take adequate steps to identify, investigate, prosecute or punish most officials involved in corruption, leading to a prevailing sense of impunity. Systemic root causes of corruption have not been addressed, and politicians often lack accountability to voters. Courts, especially when politics are involved, are frequently perceived as corrupt. Civil society is too weak and passive to exert meaningful influence, while media outlets and NGOs are either discouraged by legal restrictions or compelled by force to refrain from addressing alleged corruption cases and matters of public integrity.

Auditors possess relative competence but lack the authority to enforce their findings. Financial disclosure laws that apply to government officials are inconsistently enforced, if at all, and violations are seldom addressed. In some cases, these laws have been officially suspended during the course of the war against Ukraine.

For instance, on December 29, 2022, President Putin issued a decree exempting individuals involved in war efforts from the obligation to disclose information about their incomes and expenses. In March 2023, Russia declared Transparency International an ‘undesirable’ organization, effectively prohibiting its operations within the country. The Russian prosecutor’s office alleged that, while ostensibly functioning as an anti-corruption organization globally, it interfered in Russia’s internal affairs and posed a threat to the nation’s constitutional order and security.

While public procurement processes remain susceptible to manipulation, the introduction of mandatory tenders has contributed to enhancing the regulation and transparency of these procedures.

Anti-corruption
policy

3

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16 | Consensus-Building

Only a few major political actors in Russia are committed to establishing democracy, characterized by the rule of law, free and fair elections, and freedom of information. However, their already limited influence on political affairs has been further diminished by the war against Ukraine.

Despite the continued inclusion of democratic ideals in official rhetoric, the primary consensus among Russia's major political players has revolved around the concept of stability, which is understood as the preservation of the existing authoritarian control model. Accordingly, democracy is perceived as a long-term objective to be achieved gradually through evolution rather than revolution.

The official argument posits that only the current elite possesses the capability to guide the country through challenging times, ensuring stability, security and prosperity. Opposition groups advocating for democracy, such as the political parties Yabloko and PARNAS, have been marginalized and consistently restricted from participating in public discourse. They are not permitted to have deputies in the national parliament.

Even during the pandemic in 2020, there was no noticeable increase in divisions among different groups, and this trend has persisted since the onset of the war. On November 17, 2022, Putin approved the new composition of the Presidential Council for Civil Society Development and Human Rights. Most of the prominent members either resigned or were not reappointed.

While Russia's key political actors do not formally challenge the fundamental principles of a market economy, these principles are often disregarded in practice. There exists an elite consensus that favors a controlled market economy, ostensibly to ensure both economic and political stability. The fear is that granting too much economic freedom could potentially lead to political opposition. Consequently, market regulations are sometimes bent to favor state enterprises.

Given the significance of the economy as a pillar of global power, reformers within state institutions and the government wielded some influence over anti-democratic factions, at least until the outbreak of the war. The conflict highlighted the inherent contradiction between maintaining an open economy and engaging in a military conflict. While some prominent figures in economic management, and even more so the core representatives of the regime, are pro-market, their stance is not necessarily aligned with pro-democracy views. In fact, the opposite is the case, as the Russian ruling elite no longer pretends to follow the West or cherish its declared values.

Consensus on goals

2



There are no major political actors in Russia that can be characterized as democratic. Despite the presence of formal democratic institutions, the prevailing consensus in the country, often referred to as the “Crimean consensus” (emerging after the annexation of Crimea in 2014) or “Putin Consensus,” guides political dynamics.

This consensus encompasses support for the existing undemocratic status quo, the prioritization of domestic stability during times of heightened external pressures, and a firm rejection of any “revolutionary” scenarios for changing the country’s leadership. While the “Crimean consensus” was a subject of debate, the “war consensus” has thus far remained unchallenged.

President Vladimir Putin achieved considerable consensus-building even during the pandemic in 2020/2021, as potential divisions between various social groups did not significantly widen.

After the outbreak of the war, the Kremlin introduced more stringent legislation targeting dissent. Immediately following the war’s onset, Russian authorities enacted tougher penalties for spreading alleged misinformation, including referring to the conflict as a “war.” On March 4, 2022, a federal law on military censorship was passed. Additionally, President Putin publicly emphasized the need to “cleanse society” of “national traitors,” while Dmitry Medvedev, the former president and current deputy head of the National Security Council, labeled criticism of Russian authorities during the war in Ukraine as “treacherous.”

The Kremlin’s policy aims to prevent major, if not all, anti-war protests. Simultaneously, the Kremlin recognizes the risk of social protests if income inequality continues to rise and the state fails to meet its growing social obligations.

The political leadership rarely consults civil society actors and typically only considers interests aligned with its own objectives. This contrasts with the official rhetoric, which often emphasizes the state’s willingness to engage in dialogue with civil society.

To facilitate this dialogue, the president established the Public Chamber in 2005, comprising citizen representatives and NGOs. Its intended role was to provide advice to decision-makers on public matters and to address civil society issues. However, following the onset of the war, there were significant changes in the composition of the Council for Civil Society Development and Human Rights. Independent-minded public figures either resigned voluntarily, or they were removed. The Council established close relations with the authorities and civil society in the Ukrainian regions occupied by Russia.

The conflict also resulted in increased censorship of independent media and greater control over the internet. According to Roskomsvoboda, more than 3,000 websites were blocked in total. Additionally, Meta, which owns Facebook and Instagram, was labeled an “extremist organization,” although the authorities publicly stated that using their products is not a crime.

Anti-democratic actors

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'06 '24 10



Cleavage / conflict management

6

'06 '24 10



Public consultation

2

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Throughout Russia's history as a sovereign state, addressing past injustices has never been a priority for the political class. Public discussions about Soviet human rights abuses were hindered by government policies that sought to emphasize Soviet achievements, particularly the victory in World War II.

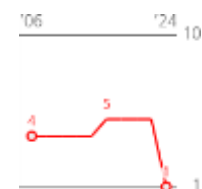
The Soviet triumph over Germany remained a central aspect of Russian identity, and its significance continued to grow. However, prior to the war, there were publications that examined the Soviet Union's history of repression, including the purges and the Gulag system. In 2017, President Putin personally inaugurated a monument in Moscow commemorating the victims of Stalin's mass repressions.

Official and public discussions about the Soviet and Stalinist past were marked by ambivalence. This ambivalence came to an end in December 2021 with the closure of the Russian branch of Memorial, a historical and educational society that had been studying Soviet repression since 1987, as well as the closure of the human rights center bearing the same name, both ordered by the court.

The war against Ukraine resulted in changes to the school literature program. In 2023, works by Soviet authors that promote patriotism were reintroduced into the curriculum. In addition, works that are deemed to have not withstood the test of time or to not align with the current reality, such as Aleksandr Solzhenitsyn's "Gulag Archipelago," will be excluded from the school curriculum.

Reconciliation

1



17 | International Cooperation

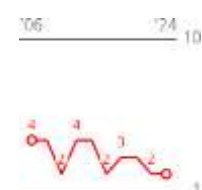
The political leadership in Russia tends to view international assistance as an opportunity for rent-seeking or as a short-term strategy rather than as a long-term development strategy. Since Vladimir Putin assumed the presidency in 2000, there has been a noticeable shift toward Russia positioning itself as a role model and suggesting that it does not require international assistance.

Starting around 2007, and with a brief interruption during Dmitry Medvedev's presidency from 2008 to 2012, Russian authorities increasingly interpreted international assistance as unwanted interference in Russian affairs. In fact, Russia began interfering in the domestic politics of other countries by supporting Russia-friendly actors in those regions.

Russia started drawing a distinction between maintaining economic cooperation with the West and preventing Western influence on its political processes, as well as in the post-Soviet region. The notion of needing assistance was largely discarded, and the modernization partnership with the EU, initiated during Medvedev's presidency, was abandoned. The annexation of Crimea in 2014 marked a turning point in Russia's relationship with the West, leading to a deterioration of ties. Russia began to perceive the West as a foe whose only aim was to interfere in Russia's domestic affairs and weaken the country, supposedly a long-standing Western objective.

Effective use of support

2



The risk of isolation in the international arena drove Russia to seek closer relations with China and other Southeast Asian countries. In 2014, Russia announced a “pivot to the East.” Moscow viewed its partnership with China as strategic, primarily as a means of balancing Western influence. However, this relationship with Beijing was not without risks, especially considering the growing economic disparity in China’s favor.

Nevertheless, Russia’s military aggression against Ukraine significantly altered its relationship with the West. Dissociation and divestment from Western partners became more prominent, and this process is ongoing. In this context, it became even more crucial for Russia to strengthen cooperation with what has been referred to as the “global majority,” including countries like Brazil, India, Iran and especially China. While Chinese authorities speak of cooperation and even friendship with Russia in rhetoric, their approach in practice is cautious. Nonetheless, China is poised to become Russia’s top trade partner, with trade exceeding \$136 billion as of November 2022.

The war against Ukraine has arguably caused the most significant erosion of international trust in Russia and its policies. Post-colonial in character and in massive violation of international law, the war has triggered a series of strong international responses. Over 50 countries have imposed massive economic sanctions against Russia, and the United Nations General Assembly passed multiple resolutions condemning Russia’s actions with overwhelming support. On March 16, 2022, the Committee of Ministers of the Council of Europe made the unprecedented decision to expel Russia from the organization. These developments indicate that Russia’s decision to wage war against Ukraine has severely diminished its global influence, both economically and politically.

Prior to the war, Russia’s ambitions to assert itself as a “great power” had already damaged its credibility in the international arena. Russia regarded the post-Soviet region as its exclusive sphere of interest and responded assertively to conflicts it deemed threats to its security. Additionally, Russia’s leadership was unapologetically dishonest, even when caught in the act.

Russia’s leadership viewed all aspects of domestic policy, including human rights, as matters exclusively under its jurisdiction, shielded from foreign involvement. This approach resulted in low compliance with international standards. The 2020 constitutional reform solidified this practice by establishing the primacy of national constitutional norms over international law as a constitutional norm.

Russia also engaged in problematic activities by supporting right-wing populist movements in Western countries. It leveraged its permanent seat at the U.N. Security Council and its close relationships with states facing international pressure, such as Iran and Syria, to obstruct international conflict resolution efforts.

Credibility



Furthermore, the war against Ukraine undermined Russia's already modest commitments to climate protection. Prior to the conflict, Russia had made significant climate pledges, including reducing greenhouse gas emissions to 70% of their 1990 level by 2030 and further reducing emissions to 20% of the 1990 level by 2050 through a government decree. Currently, there has been little to no progress toward achieving these policy goals. Moreover, in March 2022, Russia's Ministry of Energy stated that Western sanctions related to Ukraine would hinder the country's ability to meet its emissions reduction targets by 2050.

The annexation of Crimea in 2014 and the military aggression against Ukraine in 2022 have severely damaged Russia's reputation as a reliable and trustworthy regional partner.

Before 2014, Moscow pursued a strategy of "soft dominance" toward neighboring post-Soviet countries. Russia generally respected the national sovereignty of these nations, providing political incumbents with a mix of incentives and pressures without overtly encroaching on their integrity and sovereignty. During this time, there were no legal changes to post-Soviet borders. However, smaller post-Soviet countries had limited confidence in Russia and actively sought relations with other major powers. The prevailing belief was that Russia would not cross the threshold of violating interstate borders. The annexation of Crimea in 2014 shattered this belief.

The annexation of Crimea heightened the fears of smaller post-Soviet states regarding Moscow. It demonstrated that post-Soviet borders were not fixed and that Russia could use military force to annex neighboring regions at any time. Post-Soviet nations had to adjust their calculations, as Russia's actions indicated that it did not feel constrained by international rules and prior commitments in pursuing its foreign policy goals.

During the period in question, especially in 2022, the Kremlin's primary objective in promoting regional cooperation was to demonstrate that Russia was not isolated on the international stage. Russia intensified efforts to organize summit meetings with neighboring states, particularly Belarus, and participated in multilateral forums. In September 2022, the Shanghai Cooperation Organization (SCO) summit was held in Samarkand, Uzbekistan. In October 2022, Astana, Kazakhstan, hosted the "Central Asia-Russia" summit. In December 2022, the summit of the Eurasian Economic Union took place in Bishkek, Kyrgyzstan and an informal summit of CIS leaders was held in Saint Petersburg, Russia. Moscow initiated these summits, with personal attendance by President Putin.

Russia's break with the West due to its war in Ukraine accelerated its pivot toward China and, to some extent, India. 20 days before Russia's invasion of Ukraine in February 2022, Vladimir Putin and Xi Jinping signed a declaration proclaiming a "no limits" Sino-Russian strategic partnership. However, Russia's position as China's junior partner could complicate its efforts to maintain a partnership with India, given

Regional cooperation

2



India's complex relationship with China. As Russia envisions aligning with a "global majority," it seeks to shift its previous East-West foreign policy axis toward a North-South gradient. Russia is actively courting Asian, African and Latin American states, though it faces limitations in terms of resources and capabilities for this endeavor.

Strategic Outlook

During the period under review, Russia's political system continued its long-standing trend of degenerating from electoral authoritarianism into an autocratic regime characterized by President Putin's personal rule. Putin's overwhelming victories in the 2012 and 2018 presidential elections were followed by numerous legislative changes that increased state control and further restricted freedoms of assembly and the press. In the summer of 2020, constitutional amendments, approved through a popular vote, allowed Putin to extend his presidency beyond 2024. Following Russia's military aggression in Ukraine in 2022, a series of federal laws were swiftly enacted, severely curtailing freedom of speech, association and assembly.

Russia's aggression against Ukraine in 2022 has brought significant changes to its domestic development and international standing. Domestically, Putin's policies have garnered support from key actors within the Russian political system, including both houses of parliament, political parties, regional governors and the hierarchy of the Russian Orthodox Church. The majority of the population has continued to express confidence in Putin and his policies. A comprehensive propaganda machine has been utilized to shape public perception, targeting not only adults but also young people in schools and children in kindergartens.

While there have been anti-war protests, the government's policies and actions generally enjoy broad public support. The decision to keep borders open led to a mass exodus of dissenters who had previously been part of the protest movement within the country. Domestically, the Russian leadership framed the war in Ukraine as a "holy war" against those perceived as an existential threat to Russia – the "collective West."

Despite the rising costs of the war, it is unlikely that the Russian economy will collapse, and there are no signs of an imminent regime change resulting from elite divisions or a Moscow coup d'état. However, if the Russian state fails to meet its social obligations to the population, increasing military losses and war expenses could fuel social discontent in the country's regions. In response, the Russian state is likely to rely even more on repression.

In 2023, Vladimir Putin faces a significant decision regarding his political future. He must choose whether to run for re-election in 2024 or designate a successor. His intentions remain uncertain. Removing Putin from power would probably lead to a less aggressive foreign policy until a new leader consolidates domestic control and stabilizes the economy. However, it is more likely that Putin will secure "re-election" in 2024 and remain in power for at least another decade without initiating significant reforms or changes in foreign policy, including relations with neighboring countries and the EU.

Russia's political relations with Western countries have not only been severely damaged but have effectively come to a complete halt. This also holds true for cultural, scientific and economic cooperation, which has dwindled. While the Russian leadership may strengthen ties with China, numerous factors limit the extent of cooperation beyond joint efforts to counterbalance the United States.

Russia is likely to seek stronger relations with neighboring authoritarian regimes, such as Belarus and certain Central Asian countries, while deepening ties with Türkiye and Iran. Post-Soviet cooperation is expected to continue without major breakthroughs due to a lack of trust in Russia. Additionally, Russia may continue efforts to undermine the unity of the European Union and NATO through manipulation and political subversion tactics. However, economic sanctions and other diplomatic measures are unlikely to end the war soon but will significantly constrain Moscow's ability to sustain large-scale aggression.