

Dear Readers!

I am proud to present to you the 11th annual National Human Development Report for the Russian Federation published by the United Nations Development Programme (UNDP).

UNDP is an organization striving to facilitate global knowledge exchanges, supporting governments around the world in their efforts to improve performance of their economies and social welfare of their citizens. Our main challenge in Russia is to be instrumental to the complex transition process — both in terms of institutional transition to an internationally competitive market economy and in terms of transition from rapid but still exclusive economic growth to sustainable social development benefiting all.

This year's Report, entitled "Russia's Regions: goals, challenges, achievements", looks at this process from a decentralized viewpoint — that of the multiple experiences of Russian regions. Highlighting the diversity of development levels, social and institutional constraints, and of the policies used to overcome with them in different regions of the country, the team of authors, consisting, as always, of prominent Russian researchers, has, I believe, succeeded in giving us a "big picture" of the mosaic of human development challenges that exist in Russia.

Importantly, a team of researchers and practitioners from 19 regions was involved in writing and editing the Report, thus making it a mutually enriching and highly involving process, stimulating discussions at the local level. We therefore hope that sections of the Report dealing with specific regions will contribute to their ongoing and future strategic planning efforts, and will serve as a source of fruitful comparisons and learning

for their neighbors. At the same time, by covering all of Russia's seven Federal Districts, the Report aims to provide decision makers at federal level with data, analysis and policy recommendations that could feed into the emerging regional policy, which is now acknowledged to be a cornerstone of Russia's future development.

Last but not least, the Report represents a continuation of the work started in 2005 when the National Human Development Report analyzed the Millennium Development Goals (MDGs) adapted for Russia. As an important global monitoring tool, MDGs only make sense if customized to a country's specific context. For a large and diverse country like Russia, the key social challenges in health, access to education, gender equality, environment, etc., cannot be understood without looking at the regional level. This year's Report makes this attempt by analyzing each group of regions through the lens of MDG indicators and looking at policy options that are available to deal with the various aspects of poverty in each of the studied regions.

On a final note, I would like to sincerely thank our key national counterpart — the Ministry of Foreign Affairs — for its customary and visible support, as well as all the regional administrations, which were involved in the process of preparing the Report, and all those who contributed to it — authors, editors, reviewers, designers and publishers.

Wishing you an insightful reading and looking forward to fruitful discussions and no less fruitful cooperation to advance Russia's human development.



Marco Borsotti,
UNDP Resident Representative
in the Russian Federation

To Readers

The world has changed dramatically in recent decades and the changes are continuing at a rapid pace today. But the relevance of human development to many countries, including Russia, remains unchanged. Improving the quality and standards of people's lives, creating conditions for their physical, spiritual and intellectual development, and building a socially oriented state that focuses on people — these are our most important objectives.

The experience of many developing countries shows that an efficient state and real democracy are built on social security and decent living standards. It is highly important, therefore, to ensure that Russia's economic stability, which has taken such efforts to achieve, should work for the benefit of people.

The President of the Russian Federation Vladimir Putin said that "preserving people" is the key task for our country. Indeed, this is a national idea that everyone can understand and that should unite citizens and contribute to more dynamic development in the economy and society. It requires improvement of governance and living standards, and sets new challenges for economic management, which must prioritize social objectives, criteria and indicators, rather than financial ones.

In today's world economy many countries base their competitive advantages on quality of human capital. However, objective indicators and scientific studies show worsening of human potential in Russia over the last 15–20 years. The negative trend can be seen across the board, from education levels and qualifications to health and life expectancy. This entails a decline in living standards of our people, and it undermines pros-

pects for economic development, which is the basis for solving social problems. This situation can and must be changed. Human development, as reflected in objective, scientifically-founded indicators, must become the priority of state policy.

Presenting this year's Human Development Report, the United Nations Development Programme in the Russian Federation makes its contribution to solving these complex problems. The authors of the Report have analyzed key aspects of socio-economic development in Russia's regions into account of a variety of natural and socio-cultural factors, and proposed a system of human development indicators for Russian regions based on the Millennium Development Goals.

Merits of the Report include a thorough analysis of regional human development issues, and review and presentation of positive practices in many Russian regions. Thanks to this approach the problems and achievements of regions rise beyond local relevance and offer a basis for setting priorities and finding ways of building an efficient social state in Russia as a whole. By uniting the efforts of federal and regional authorities and establishing a social partnership between government, business and the workforce, we will solve the problems of human development and improvement of living standards in Russia.



Sergei M. Mironov,
Chairman of the Federation Council,
Federal Assembly of the Russian Federation