

Climate Change Threatens Russia's Economic Growth, Watchdog Warns

Audit Chamber warns Russia will not hit targets to increase life expectancy and boost economy unless country addresses climate change.

By [Jake Cordell](#)

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The Russian Government has been a lukewarm supporter of international efforts to reduce emissions.
Vladimir Smirnov / TASS

Russia's failure to address the damage caused by climate change could undermine President Vladimir Putin's flagship National Projects program, a government body has warned.

In a new report, Russia's Audit Chamber said that climate change could knock up to 3% per year off Russia's GDP by 2030, and that without solving its myriad environmental and ecological problems, Russia will fall [short](#) of its ambitious targets to increase life expectancy, improve demographics and boost the economy. The chamber is led by former Finance

Minister Alexei Kudrin, who is seen as being in the liberal wing of the Russian government.

The stark warning comes in the Audit Chamber's first interim assessment of the government's \$400 billion National Projects program — an ambitious set of targets, policies and investments that form the backbone of Putin's domestic policy for his final term. Around half the budget is directed to infrastructure spending, but the program also covers healthcare, living standards, education, innovation and culture.

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The projects have got off to a slow start, with government departments failing to hit spending plans for the first full year of the initiative. A number of economists and analysts, including those at state-backed bank [VTB](#), have highlighted how the projects are not on track to hit their targets.

The Audit Chamber, which is responsible for monitoring the Russian budget and analyzing government spending, has now added fuel to those concerns, [stating](#) that 100 billion rubles of planned spending in 2019 was not executed. In total, the spending shortfall last year amounted to 12% of the program's budget, the Audit Chamber confirmed.

Spending on the “digital economy” and “ecology” tracks of the National Projects was most behind schedule, with only 54% and 62% of the annual plan executed as of Dec. 28 last year. Though Russian daily Vedomosti [reported](#) Tuesday that a frantic flurry of spending in the final hours of the year had nudged those figures higher.

The failure to prioritize spending on environmental projects, in particular, seems to have worried the Audit Chamber, which cited a host of statistics about the state of Russia's environment. It said 56 million Russians are exposed to polluted air in more than 140 cities; nearly every river has been contaminated by untreated sewage; 300,000 hectares of forest are lost every year; and Russia's bulging landfills will run out of space for municipal waste within the next six years.

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“Climate change ... is leading to shrinking sea ice in the Arctic, increased frequency and intensity of extreme weather events, and droughts that affect much of Russia's agricultural areas,” the new report added.

Across the country, damage from events related to climate change could hit 2-3% of GDP per year by the end of the decade, the government body assessed, rising to as much as 6% of economic output in the worst-hit regions.

The assessment echoes some of the worst case scenarios included in the government's climate [action plan](#), published at the start of the year and seen as one of the first clear acknowledgments by the government that climate change is a serious problem.

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However, Russia has so far been slow to develop concrete [plans](#) to tackle, mitigate or reverse the effects of climate change, only ratifying the 2015 Paris Climate Accords last year. The January 2020 plan gives government departments more than 18 months to come up with a preliminary approach to dealing with climate change in their sector.

“The National Projects do not cover issues related to climate change,” the Audit Chamber said. Moreover, the body warned that the government’s plans under the National Projects to boost economic growth and infrastructure projects could further aggravate Russia’s climate problems.

“The growth of economic activity will increase the negative impact on the environment and may lead to a deterioration in the environmental situation in Russia,” the report stated. Plans under the “housing and urban development” stream, for instance, would boost construction and living space in major cities, but do not adequately provide plans for recycling, waste management or new landfill sites, Vedomosti [reported](#).

The Audit Chamber concluded: “It is difficult to imagine achieving the national development goals, especially increasing life expectancy and reaching a steady natural growth in population, without solutions to these environmental problems.”

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