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# Challenges For Social Policy

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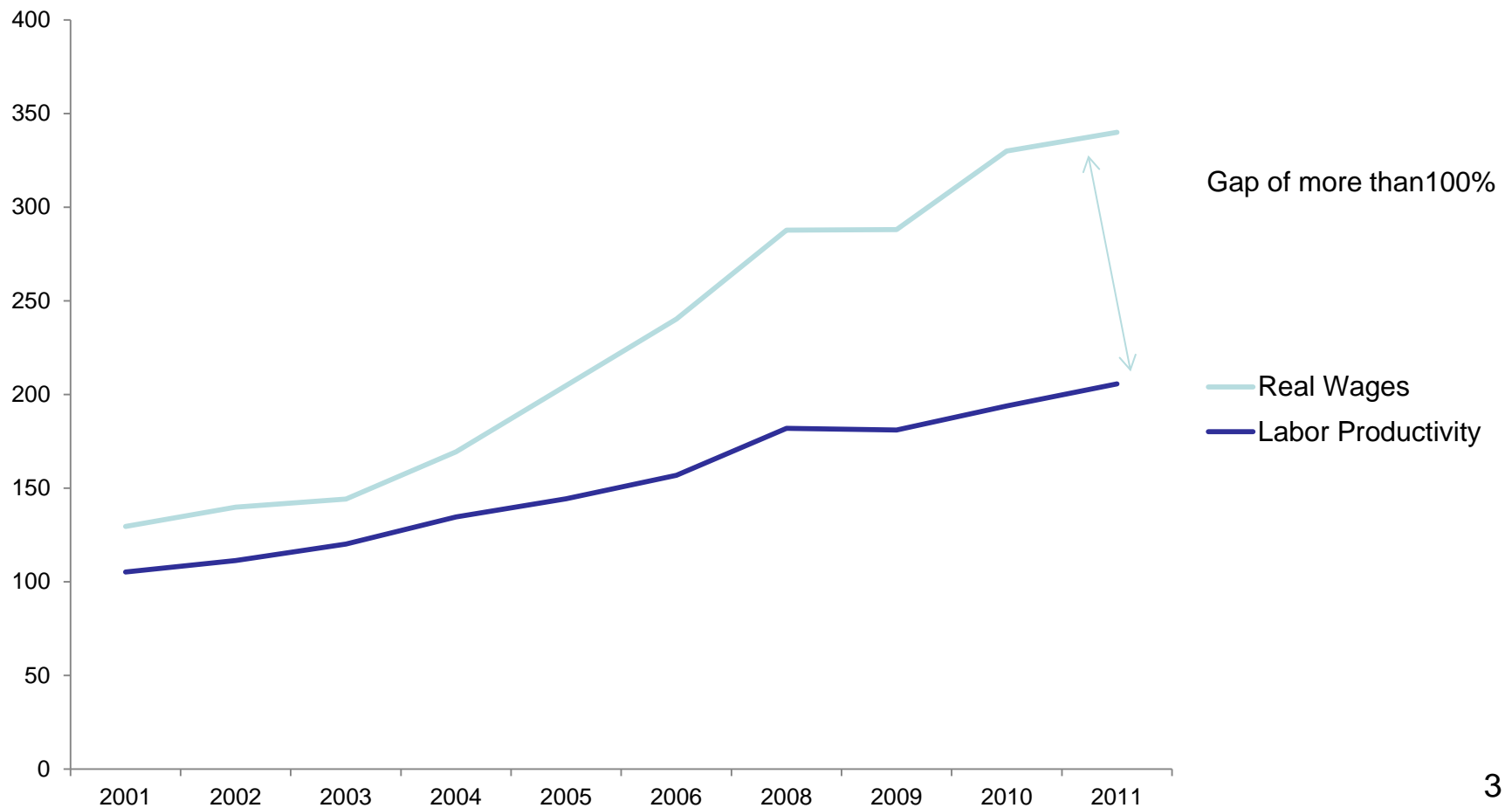
# Incomes Recuperate after Crisis

## Wages and Pensions in USD

annual averages

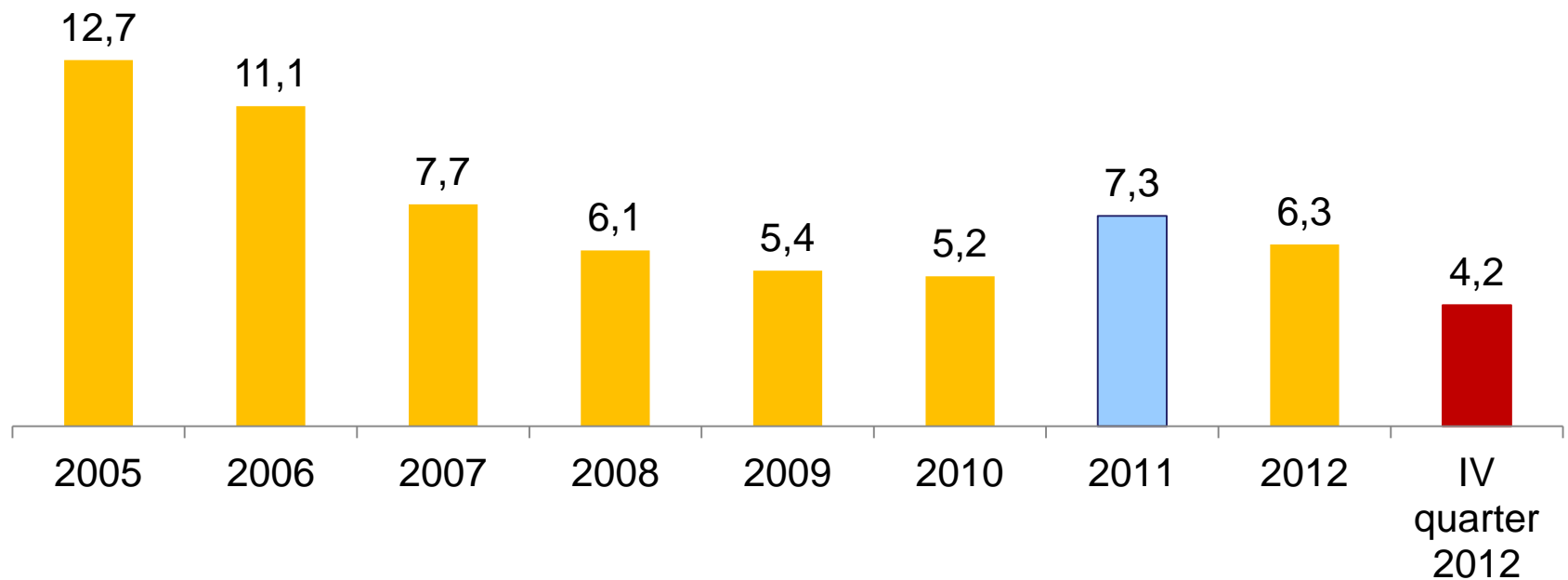


# Growth of real wages and labor productivity



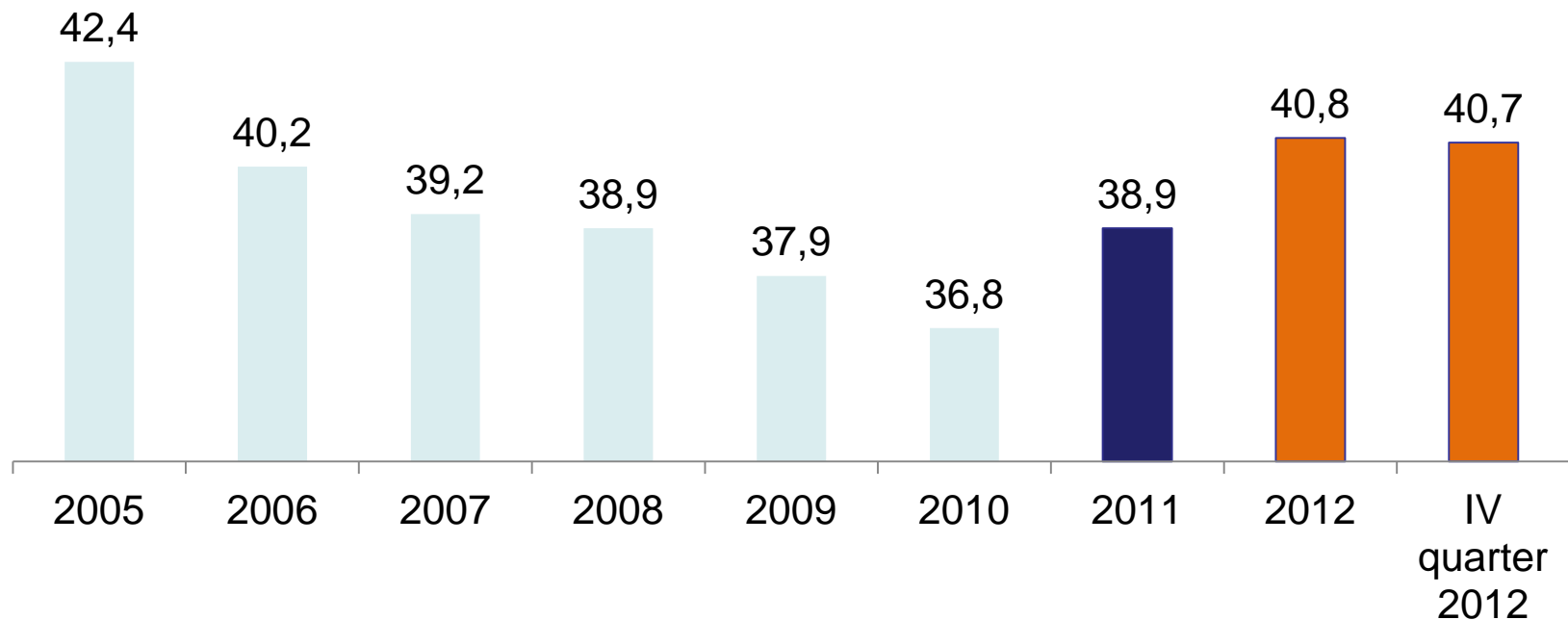
# Less Poverty

## Poverty Rate



# Not Everything is Perfect

## Food Share in consumption expenditures



# Challenges: Migration

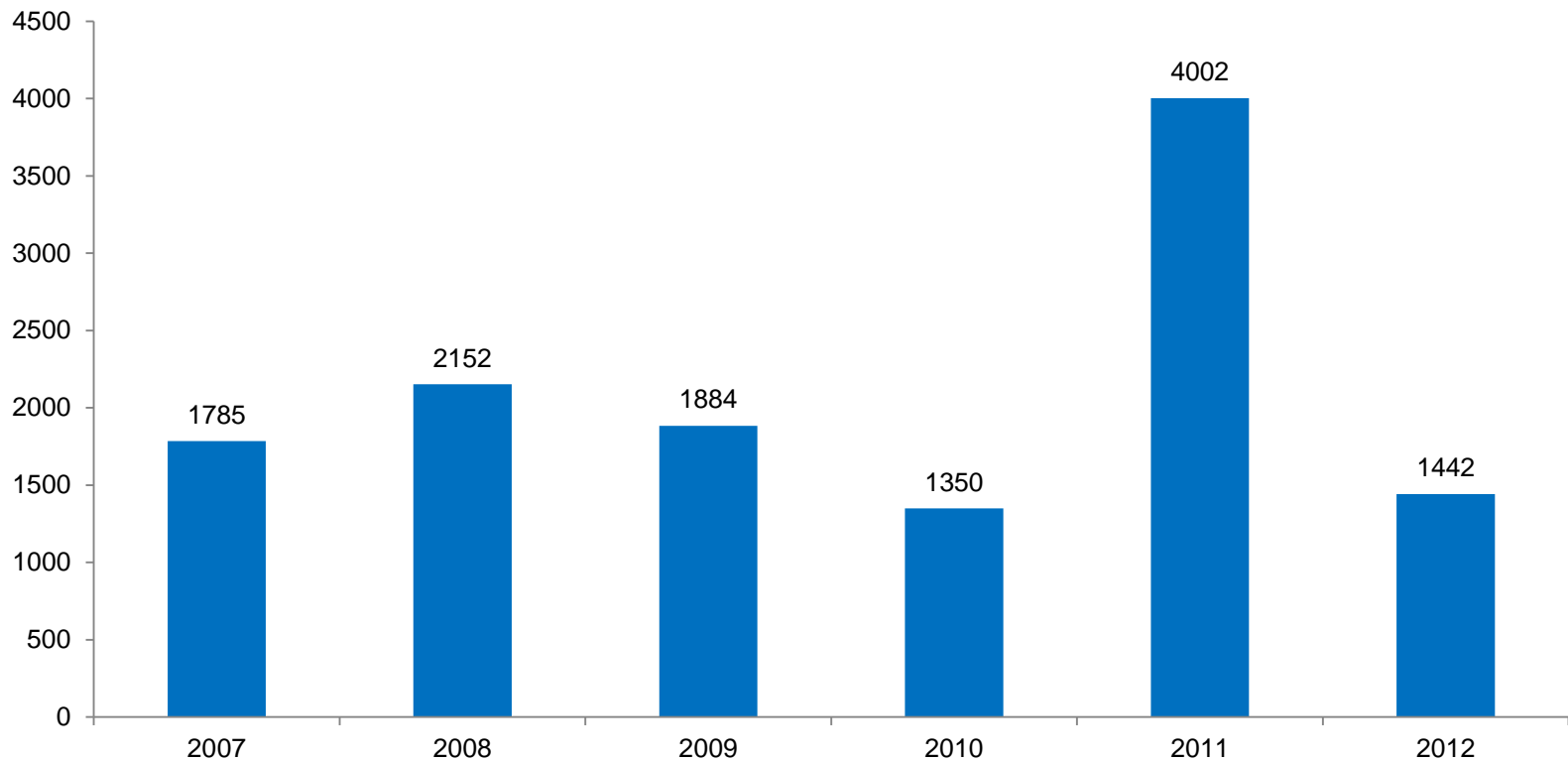
- In 2011, new factors:
  - Higher wage gap with Russia (currency crisis)
  - Joint labor market
- No good data:
  - Since 2011, number of employed constantly declining: 3% drop in 2012
  - 24.7% of companies mention lack of employees as main obstacle to growth
- Right now migration – efficient tool against unemployment (currently around 6%). In the long run – a challenge.

# Challenges: Demography

- Population is declining and getting older
- Pressure on the pension system
  - Current system unsustainable
  - Higher retirement age not feasible – life expectancy of men is 65
- Need to reform health and education
  - Higher demand for health services
  - Decline in demand for education

# FDI and Privatization

## FDI (bn USD)





# Privatization

- Slow process of privatization
- Reasons:
  - Fiscal perspective
  - High risks
  - “Renationalization” of assets
  - Contradictory understanding of prepared legal acts on privatization