



National Research University Higher School of Economics
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Exercises Symposium

Science and Innovation in Response to Future Pandemics: the Case of Russia

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COVID-19 PANDEMICS HAS TRIGGERED FAST MOBILIZATION OF SCIENCE AND TECHNOLOGY WORLDWIDE

- ⦿ Accelerated development of STI to overcome the pandemics
- ⦿ Protecting STI sphere from the COVID-19 crisis

OPERATIONAL MEASURES

- Unprecedented mobilization of resources for COVID-19 related R&D (7 billion US dollars in January-September 2020)
- Accelerating and simplifying administrative procedures while implementing research projects
- Increasing direct funding of innovative companies, startups and SMEs
- Tax incentives for universities and research institutes
- Extension of PhD programmes, research grants and labour contracts with researchers











40 registered COVID-19 vaccines, including **4 Russian ones**

› **2700** testing treatments for the COVID-19

› **400** test systems

COVID-Tech – new technology pool (fighting with COVID-19, hygiene, communications, contactless processes)

PRACTICES

-  Reorientation of scientific programs to counter COVID-19
-  “Rapid” grants to combat coronavirus infection: decisions to support projects within 48 hours
-  Grants for the implementation of breakthrough scientific projects (“1000 ideas”)
-  A package of measures to support startups during the crisis, including government guarantees for bank loans
-  Full VAT refund to research organizations when purchasing domestic equipment
-  Reduced insurance premium rates for researchers
-  Increasing tax credits and deductions for IP for businesses
-  Subsidies for researchers' salaries during the pandemic

...AND HAS LED TO THE TRANSITION TO NEW MODEL OF S&T POLICY

🕒 Science and technology policy – anticipatory & resilient to global challenges and shocks

PROSPECTIVE POLICY DIRECTIONS

- **Development of strategic foresight in the field of S&T** and revision of the prerequisites for S&T policy
- Joining the efforts of leading countries to develop standard mechanisms for **mobilizing S&T in the face of global threats**
- Introduction of mechanisms for **financing long-term, high-risk S&T projects**
- Modernization of the scientific personnel training system, **support for research careers**, development of promising competencies
- Support for the **digitalization of science** (new forms of organizing research, access to research data, methods of data processing and analysis – big data, AI, etc.)
- Development of an **evidence base** for the design and evaluation of the effectiveness of S&T policy

STRATEGIC INITIATIVES



The American Jobs Plan – \$180 billion to achieve and maintain leadership in critical technologies and develop research infrastructure



New EU framework programme for research and innovation Horizon Europe – 95.5 billion euros in 2021-2027



Roadmap in the field of S&T: increasing the share of R&D expenditure to 2.4% of GDP by 2027 and budget allocations for science by 1.5 times – up to 22 billion pounds annually by 2024-2025



14th Five-Year Plan: annual increase in R&D expenditure by more than 7% with an increase in GERD to GDP ratio from 2.4% to 2.8% by 2025

NOTICEABLE CHANGES HAVE OCCURRED IN THE RUSSIAN S&T POLICY AGENDA DURING COVID-19 TIMES



OPERATIONAL MEASURES

- Budgetary funding for the development of vaccines and diagnostic tools for COVID-19
- Subsidies from the reserve fund to support educational, scientific and medical institutions
- Grants from the Russian Foundation for Basic Research, the Skolkovo Foundation, and RVC to support projects to combat COVID-19
- Simplification of formal requirements for RSF grants
- Tax and administrative incentives for the most affected industries (mostly for SMEs)
- RDIF and the ChemRar Group have launched the production of Avifavir – the first drug registered in Russia against COVID-19
- RDIF invested significantly into manufacturing and exports of Sputnik-V vaccine developed by the Gamaleya Research Institute of Epidemiology and Microbiology – the world's first registered COVID-19 vaccine

STRATEGIC INITIATIVES

- 2021 – Year of Science and Technology
- New national project “Science and Universities”
- Priority 2030 programme
- New Basic Research Programme
- Projects within the framework of the “frontal” Strategy for the socio-economic development of the Russian Federation
- Reform of development institutions (including the merger of the Russian Science Foundation and the Russian Foundation for Basic Research)
- Updating the state program “S&T development of the Russian Federation”
- Government Commission for S&T Development, etc.

FEDERAL SUPPORT MEASURES FOR SMES AFFECTED BY COVID



Mechanism	Detailed description	Main application requirements
Loans	<p>Interest-free payroll loan with maximum size defined as minimum wage level per number of an applicant's employees per 6 months*</p> <p>Loans with 2% interest rate with maximum size defined as minimum wage level per number of an applicant's employees per 6 months and possibility of writing off **</p> <p>The program of preferential lending at 8.5% interest rate for up to 3 years expanded on retail micro-enterprises, companies with arrears or in need of refinancing current loans</p>	<p>Companies without tax arrears, more than 1 year old, not in the state of bankruptcy</p> <p>Keeping no less than 90% of the company's staff employed for 100% write off or 80% of the staff for 50% write off</p> <p>The size of one loan must be from 3 million rubles to 1 billion rubles</p>
Grants and subsidies	<p>Subsidy for personal protective equipment acquisition*</p> <p>Grant on payroll at minimum wage level or on other urgent needs <u>in April and May 2020**</u></p> <p>Subsidy for covering 2/3 of interest payments costs on new loans for 6 months**</p>	<p>For businesses that are dependent on close and long-term contact between staff and visitors (clients)</p> <p>Keeping no less than 90% of the company's staff employed</p> <p>The borrower is not in the state of bankruptcy</p>
Taxes	<p>Grace period of 6 months for all taxes payments except VAT and insurance contribution payments**</p> <p>Insurance contributions of employers for the amount of salary that exceeds the minimum wage reduced from 30% to 15%</p>	<p>To ensure fulfillment of the obligations, the taxpayer must provide either a bank guarantee, or surety of a solvent person, or mortgage of immovable (or other liquid) property</p> <p>-</p>
Rental payments	<p>Grace period for real estate rent till the end of the high alert or emergency state and 50% discount on real estate payments till 1st October 2020**</p>	<p>Costs of utilities and the maintenance of the rented property, that are included in the rent, are not covered unless the lessor was exempted from paying for such services during the period of high alert or emergency</p>
Administrative burden	<p>Restrictions on moving, loading and unloading cargo as well as freight transport parking within city limits are temporarily canceled*</p> <p>Moratorium on tax and customs inspections, unless urgently needed</p>	<p>Applies to delivery of goods intended for shops and catering places, or those ordered online</p> <p>-</p>

* Universal measures for all businesses

** Only for the most affected industries

TAX MANOEUVRE FOR RUSSIAN IT COMPANIES



- The purpose of the tax manoeuvre was to enhance the development and exports of Russian software products
- Reducing the current (already preferential) insurance premium rate from 14% to 7.6%, and of the income tax rate from 20% to 3% for IT companies
- The benefits are provided for an indefinite period of time to virtually all companies primarily engaged in software development, application, sales, and after-sales support
- In addition, incentives and special subsidies were developed for such companies to cover the costs of advertising activities abroad and of registering exclusive rights to software products



What's next?



- COVID-19 has attracted attention of many nations to the importance of STI in resolving unexpected global challenges
- The pandemic crisis has shown that there is need for more international cooperation to fight COVID-19
- National authorities of large countries has tried new governance practices and has to some extent prepared the public and healthcare systems to future pandemics
- The COVID-19 pandemic has affected a number of industries worldwide including the creative sector, however it significantly contributed to further digitalization processes development
- In light of the global geopolitical turbulence, COVID-19 problem has become not the first priority for high level policy makers: this creates risks of not being prepared for new types of viruses
- Faster development of new technologies (AI, big data, quantum computers) and further spur of foresight practices may help overcome future crises
- Strengthening BRICS STI collaboration (expanding joint R&D platform) to address the COVID-19 and other future shocks



Thank you for your attention!

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