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HUMAN DEVELOPMENT REPORT 2005 RUSSIAN FEDERATION

# Russia in 2015: Development goals and policy priorities



Human Development Report 2005  
Russian Federation

# Russia in 2015: Development Goals and Policy Priorities

The Human Development Report 2005 for the Russian Federation has been prepared by a team of Russian experts and consultants. The analysis and policy recommendations in this Report do not necessarily reflect the views of the UN system and the institutions by which the experts and consultants are employed.

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Readers are presented with the tenth Human Development Report for the Russian Federation. National reports such as this are published on the initiative of the United Nations Development Programme (UNDP) in many countries of the world. Global reports are also brought out annually. The reports are compiled by teams of independent experts.

The present Report was put together by combined efforts of all the UN agencies that function on the territory of the Russian Federation, with the aid of the Foundation "Centre for Strategic Development". The theme of the Report is "Russia in 2015: Development Goals and Policy Priorities". The given theme is examined in the context of the Millennium Development Goals of the UN (MDGs), which were ratified by the entire international community.

The Report is intended for use by high-ranking administrative personnel, political scientists, teachers, scientific researchers and students of higher education.



The United Nations Development Programme in the Russian Federation expresses its sincere gratitude to the sponsors of the 2005 Human Development Report for the Russian Federation:



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## Address to Readers

It becomes more apparent year by year that human development and its quality are now the determining factors for success of social and economic transformation in any country of the world. The 10th National Human Development Report looks at the most important objectives in this field for Russia and the world at large in the conceptual framework of the Millennium Development Goals, which were put forward by the UN for the benefit of humanity, and approved by the global community and by Russia.

As many of the MDGs are intended primarily for developing countries, the authors of the Russian Report had to answer difficult questions: How could these MDGs be interpreted for our country? What are the proper targets for their achievement? What could constitute indicators of relevant progress?

These questions can only be answered by analyzing a wide range of problems that are topical for Russia. These problems include: increasing income levels and eradicating poverty; improvement of people's health and the acute demographic situation; reform of all levels of education; environmental protection; and Russia's place in the global partnership of nations.

I would like to draw attention in particular to the methods and approaches used in this Report. Following practice of the Millennium Development Goals, the Report on Russia makes extensive use of the triad "goals-targets-indicators". A similar conceptual approach is employed in programme documents of the Russian Government, for example in the Consolidated Report "Goals, Targets and Indicators for Activities of the Subjects of Budgetary Planning (i.e. Federal Ministries, and Federal Agencies and Services managed by the Government of the Russian Federation)" (2004).

In the Consolidated Report all government goals are grouped into four main blocks: "Increasing the level and quality of life of the population"; "Increasing the level of national security"; "Securing high rates of sustainable economic growth"; and "Creating potential for future development". We were guided in choosing many of these goals by international experience, including the Millennium Development Goals.

The "goal-target" approach is increasingly used for design of local socio-economic programmes in Russian regions. Another merit of the Report is its attempt to offer a scenario for Russia's development up to the year 2015.

I am pleased to note that Report authors have liaised closely with state representatives, experts from the Centre of Strategic Development, and Government officials. Fruitfulness of the discussions and meetings, which have taken place, is reflected both in Chapters of the Report and in boxes and inserts prepared by specialists in Russian ministries and agencies.

This Report is a creative and innovative work for Russia, and one might take issue with some of the goals and indicators, which it describes. But value of the Report's professional analysis of social and economic problems, its forecasts and development scenarios for different situations, is beyond doubt. I am convinced that this Report is a good basis for further discussions in society, the Government and the scientific community aimed at development of goals for human development and ways of achieving them in Russia.



**Alexander D. Zhukov**  
Deputy Chairman  
Government of the Russian Federation

## Dear Readers!

I am proud to present to you the 10th annual edition of the Russian National Human Development Report – a publication produced jointly by the United Nations Development Program, the United Nations Country Team in Russia and the Ministry of Foreign Affairs of Russia. In 2005, the report is special in a number of ways. First, as the title “Russia towards 2015: development goals and policy priorities” suggests, it discusses the strategic outlook for the country’s development – an ambitious task in itself. Second, the report tries for the first time to relate the human development dimension to the Government’s development priorities through the lens of the customized Millennium Development Goals (MDGs). Third, while remaining the product of a group of independent national experts, it has been produced through a highly participatory exercise with contributions from various UN agencies working in Russia and from Government structures.

The report includes an in-depth analysis of the so called “MDG+” agenda for the Russian Federation. MDG+ is a concept developed to enable adaptation of the MDGs to each country’s particular context, which in the case of the middle-income countries implies setting goals and targets beyond the global goals. Each chapter of the Report is dedicated to one of the key human development challenges Russia is facing today and proposes an interpretation and a formulation of the goal/indicator relevant for Russia.

The key issues include regional income differentiation and remaining pockets of deep poverty, unequal access to education and some of the basic social services, persistent gender stereotypes, alarming rates of HIV/AIDS and tuberculosis prevalence as well as low life expectancy rate

aggravated by behavioral, social and environmental patterns. These among other aspects of socio-economic development are looked at in the context of the current economic situation, ongoing policy processes inside the country and from the viewpoint of international experience. The authors analyze positive as well as negative trends, and assess possible future scenarios.

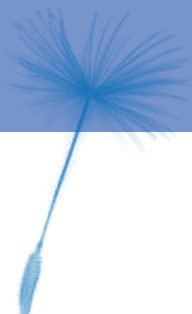
Furthermore, the Report also looks at Russia’s emerging role as donor and provider of technical assistance. In the context of the MDG+5 Summit in New York in September 2005 and Russia’s Presidency of the G-8 in 2006 the Report highlights Russia’s unique challenge to continue coping with internal development issues while becoming one of the driving forces in the global fight against poverty.

I trust the Report represents a valuable analytical tool for decision makers, civil society and the expert community and will thus serve the purpose of furthering Russia’s human development potential.



**Kaarina Immonen**

UNDP Resident Representative a.i.



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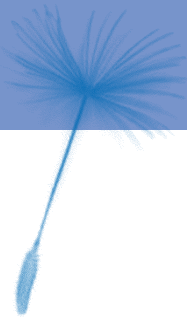
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# Preface

Readers are presented with the tenth National Human Development Report for the Russian Federation. Similar reports are published in many countries of the world on the initiative of the United Nations Development Programme (UNDP). Additionally, general reviews of human development in the world at large are also issued annually. These reports are prepared by groups of independent experts at the request of UNDP.

The National Human Development Report for 2005 is a conceptual continuation of several previous national reports. The series is prepared by different groups of independent Russian experts with the support of UNDP Moscow Office. As previously, this year's Report does not constitute an account of socio-economic development during a certain period of time, but is intended as an academic and analytical study.

This theme of this year's Report is: "Russia in 2015: development goals and policy priorities". The subject is analyzed in the context of the UN Millennium Development Goals (MDGs), which have been approved by the international community. In order to realize these goals we need to tackle the current level of poverty and attempt to increase average income; we need

to improve the system of education and promote gender equality; we need to fight diseases and ensure ecological sustainability; and finally, we need to create a global development partnership. Using the MDG concept, the authors of the Report discuss the goals and priorities that are characteristic of the current development situation in Russia, as well as proposing scenarios and indicators for targets set for 2015. The Report highlights existing problems and constructive reform trajectories addressing human development in the Russian Federation.

The authors of the Report mainly used official data provided by the Federal State Statistics Service, ministries and government agencies. References are made only when information was obtained from other sources. In cases where there were several data sources, priority was given to official publications. The authors used materials from public opinion surveys to account for specificities of current demand among the Russian population.

The Report was prepared in close cooperation with UN Agencies working in Russia and the Foundation "Centre for Strategic Research", and involved an active dialogue with government agencies and social organizations.

# Overview

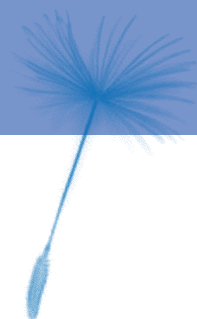
Global trends in socio-economic development present new opportunities for every country, but they also raise new questions about social risk management and protection of vulnerable social groups. These questions are reflected in the Millennium Development Goals (MDG), adopted by the UN member states, which to a great extent determine the directions of socio-economic strategies of many countries in the world. The purpose of this Report is a comprehensive analysis of those aspects of the standard and quality of living and of state policy in the Russian Federation, which are directly relevant to the MDGs. It also looks at costs and opportunities of realizing the human potential of the country to the fullest extent possible. The authors' tasks included improving, modifying and expanding the MDGs and the indicators, which monitor their achievement, in order to account for the specific features of Russia. The results of the analysis should help to identify ways and mechanisms of enhancing effectiveness of state policy to improve people's well-being.

The Introduction to the Report shows that Russia's principal task at the current stage of its historical development is to overcome key technical and economic, humanitarian and political challenges in order to travel a road of stable democratic development, with effective functioning of all its economic sectors and creation of conditions for development of human potential. Discussing human development from the point of view of the MDGs and the topics considered in the Report, the authors note that many problems described in the MDGs as problems characterizing poorer countries (prevalence of infectious diseases, stagnant poverty and short duration of human life) need to be addressed simultaneously with a systemic crisis in social sectors, which affects even some of the

most developed countries. The need for transformation of social sectors (education, public health and other spheres directly connected with human development) is a serious challenge for Russia under conditions of ageing of the population and growing requirements of the labor market as regards quality of human capital. For Russia, development policy must be closely connected with structural reforms in various spheres to enhance efficiency of the state, and to create and develop democratic institutions, which can meet requirements of the current stage of national and global development.

The subject of **Chapter 1** is encapsulated in its title: **Alleviation of poverty – the priority of Russia's socio-economic development.** Poverty remains a characteristic feature of the Russian landscape today, and halving the poverty level has been announced as one of the top priority objectives for development of Russian society in the Medium-term Programme for Socio-economic Development of the Russian Federation (2005-2008). Poverty has been on the decline in Russia since 2000 thanks to positive impact of economic growth on people's income levels. Incidence of extreme poverty, measured according to criteria in the MGD objectives, is estimated at 1-5% of the total population.

A significant part of Russia's poor households are clustered around the poverty line: only about a tenth of poor households lack any means of subsistence. The fact that extreme poverty is rare in Russia should be considered as a positive result from the point of view of living standard dynamics, but the large number of households close to the poverty line shows that there is still a high risk of widespread temporary poverty. Families with children are the most



## Overview

numerous group among the poor, and depressed regions and rural populations make a significant contribution to poverty.

The analysis suggests two critical directions for targeted activities. First, the number of the poor can be significantly reduced at minimum cost by programmes, which target people just below the poverty line. Second, about 8% of poor families will stay poor even if a significant part of income is redistributed in their favor, so these families need special programmes to reduce the extent of their poverty. The second group should be the beneficiary of measures within the framework of Goal 1, which refers to extreme poverty.

However, raising living standards of the extremely poor cannot be the core of the Russian strategy for overcoming poverty. An active innovation policy based on intensive structural changes towards the high-tech and information sectors of the economy and reduced dependence on exports of oil and gas and other primary resources could create more favorable conditions for reducing poverty among the economically active population. By pursuing such a policy, Russia should achieve the following results by 2015:

- cutting the level and extent of poverty by half; and
- eliminating extreme forms of poverty.

These tasks are suggested for consideration as a Development Goal adapted for Russia. Since the task of eliminating extreme and reducing general poverty is to become a national development priority, poverty monitoring in Russia must include indices allowing evaluation of the level, extent, profile and causes of poverty.

**Chapter 2** deals with questions of **Russian education in the context of the UN Millennium Development Goals**: current situation, problems, and perspectives. Quality and

conformity of education to current needs are perceived as top priority issues for enhancing competitiveness of the Russian economy, and improving the well-being and quality of life of the Russian population. The Government has defined the primary goal for socio-economic development in the medium term as follows: "It is important that efforts to create a favorable environment for competitiveness should concentrate on reform of education. Russia should maintain a higher level of education compared to that typical in countries with comparable levels of social and economic development. The whole system of education, from pre-school to higher professional level, must be reformed by improving educational programmes and standards and adapting them better to labor market needs."

Analysis of Russia's education performance in the context of the global MDGs offers a relatively happy picture. Russians are among the best educated nations in the world. The fact that 4% of children are left out of primary education points to a problem, which needs to be addressed, but indicators of access to universal primary education and equal access of both sexes to all levels of education in Russia are at a high level, comparable to those in industrialized countries.

However, current inequality in access to pre-school education implies growing inequality of starting conditions for children living in less developed regions, rural areas and children from less fortunate families. Besides, results of international comparisons show that no concept has been developed or implemented in Russia to date for introduction in education of new priorities that match the needs of a post-industrial information society, while preserving the traditions and merits of the Russian education system.

For Russia, the target of education development in the spirit of MDGs is to involve social-



ly vulnerable groups in the education and socialization processes, and to equalize financing and accessibility of the general secondary and primary vocational levels of education. The following tasks are no less important:

- Revision of the content of general secondary education in order to develop skills, abilities and practical application of knowledge.
- Adjustment of the primary vocational and tertiary education curricula and quality to suit requirements of the modern economy and labor market.

The above-mentioned MDGs modified for Russia offer a starting point for dialogue in society regarding future development of education. It is important to design a system of definite measures for achieving the education MDGs modified for Russia and to include these measures in federal programmes for education.

Quite substantial additions to the global goal of gender alignment are suggested in **Chapter 3**, which is entitled **Promote gender equality and empower women**. While the MDG is formulated for the world as elimination of gender inequality in the sphere of education, research in Russia has shown that achievement of gender equality in education is a necessary but not always sufficient condition for achieving gender equality in other aspects of social life. Sustainable human and economic development in Russia requires greater opportunities for both sexes, so problems of gender development in Russia concern men as well as women.

Low life expectancy of Russian men is mainly due to an extreme mortality rate among men of working-age men and is a critical aspect of gender problems in today's Russia. The high mortality rate among Russian men reflects socio-economic and behavioral factors closely connected with gender stereotypes, including consumption of tobacco and alcohol. Rates of mortality of men and women due to road acci-

dents and homicide differ almost four-fold to men's disadvantage, also largely reflecting gender behavior stereotypes. The sphere of labor and employment is mainly an area of female gender problems, of which the most salient is lower salaries paid to women. However, there are also unresolved problems connected with employment of men in hard and harmful working conditions (also a determinant of the extreme male mortality rate).

Implementation of a balanced state gender policy remains in the future. However, today we can already identify promising approaches to gender equality and, thus, to attainment of MDG 3.

The gender development goal adapted for Russia can be formulated as an aggregate of the following items:

- Aligning access to political institutions for women and men.
- Eliminating discriminatory practices in the labor and employment sphere.
- Creating a system of real mechanisms preventing violence against women.
- Reducing impact of unfavorable socio-economic conditions on health and life expectancy, especially male.

**Chapters 4 and 5** of the National Report are devoted to the problems of **public health**. The chapters adapt the three health-related MDGs (reducing child mortality, improving maternal health, and combating HIV/AIDS, malaria and other diseases) to Russian conditions, as well as emphasizing other priorities: the MDG+ for health. **Chapter 4** notes that **problems of reproductive health** attract much attention in Russia due to the low birth rate, which influences both formation of the labor market and the process of depopulation. However, in order to set health priorities in Russia it is important to understand that since the mid-1960s adult death rates have risen to a much higher levels than in the industrialized Western countries and even

than in countries with lower average income per capita. Unreasonably high adult mortality rates are what call for urgent measures, whereas birth rates are not very different from those in most of the developed world.

**T**he MDGs include a goal of reducing **under-five mortality** by two thirds by 2015 compared with 1990. Considering the relatively low level of mortality within this age group already achieved in Russia, this would mean reduction to a level of approximately 7 per 1000 population, which is similar to the level observed in most developed countries. Perinatal mortality (in the first week after birth) accounts for around two thirds of mortality among children under-five, so solving this problem would largely facilitate achievement of MDG 4. Much could be done by updating standards of obstetric care and improving support to women living in an adverse social environment, including measures to ensure sufficient nourishment, healthy lifestyle, safer sex, and reduction of smoking and alcohol consumption from the pre-conception period.

**C**hapter 4 also analyzes the problem of **maternal mortality** in Russia. The majority of women in Russia deliver their children in a medical environment and visit medical institutions repeatedly during the prenatal period. The maternal mortality situation in Russia can be considered satisfactory against the background of many developing countries. Further reduction of maternal mortality and improvement of maternal health in general could be achieved by enhancing the safety of pregnancy, childbirth and abortion and reducing the number of abortions, especially illegal ones. Measures are needed to make relevant assistance more readily accessible to vulnerable population groups.

**C**hild and maternal mortality are important indicators, but only reflect a small part of the burden of disease in Russia. Despite importance of child and reproductive health, Russia

and most other transitional countries need to prioritize the issue of adult ill-health, which causes a disproportionate economic and demographic burden. Bringing mortality from diseases of the circulatory system and from external causes to level similar to other industrialized countries would give tremendous boost to Russians' life expectancy and quality of life. Reduction of preventable mortality would require not only improvement of medical care but, first and foremost, policies to address consumption of tobacco and alcohol, road safety, physical activity and nutrition. Significant and comprehensive efforts will be required to promote a healthy lifestyle in Russia.

**C**hapter 5, entitled **Combating HIV/AIDS, malaria and other diseases** deals with the problem of infectious diseases, which cause major demographic losses in Russia and have very negative impact on human capital and the economy.

**P**ropagation of the human immunodeficiency virus in the Russian Federation has assumed the character of an epidemic. The Russian epidemic is now entering its second stage characterized by a slower spread of the virus among the population at large. The majority of Russians infected with HIV are young people with low-income, and often with a record of drug consumption. Most of them have no adequate access to social or medical services and are unaware of their rights and obligations in connection with HIV infection. Moreover, a prejudiced attitude towards everything pertaining to HIV/AIDS and infected people still prevails in Russia due to insufficient knowledge, fear of the disease and inaccurate information about it.

**T**he beginning of the 1990s was marked by rapid development of an epidemic of sexually transmitted infections (STI), the scale of which was unparalleled in industrialized countries at the end of the 20th century. Russian

prevalence of STI diseases now exceeds that in countries of the European Union by more than 10 times. Young Russians engage actively in unprotected sexual intercourse. There is also a serious problem that presence of any STI disease significantly increases chances of HIV infection being transmitted.

**T**he Russian Federation also has Europe's highest level of TB mortality. Tuberculosis, which used to be routinely curable disease, is now turning into a disease that requires expensive treatment and often has a lethal outcome. It strikes an excessively large number of working-age people, especially men, and is one of the main causes of mortality among people living with HIV/AIDS.

**I**n recent years Russia's leaders have been paying much more attention to combating HIV/AIDS and tuberculosis, and Russia has confirmed its willingness to assume international obligations at a high political level to fight those diseases. Nevertheless, significantly more state funds need to be earmarked for dealing with infectious disease. The problem of fighting HIV/AIDS, tuberculosis and other infections lies outside the scope of the public health system. These diseases have serious consequences for the demographic situation in the country, human development, the economy and defense capacity. The only way to deal with the problem successfully is to apply a versatile approach based on best global practices in the field of prevention, treatment, care and support, as well as observing human rights. Major reforms will be needed in the system of public healthcare, financing of prevention measures must be stepped up and efforts by government agencies, representatives of the business community, NGOs, and people living with HIV/AIDS need to be coordinated. None of these tasks is easy to accomplish but performance of each of them will have very positive impact.

**C**hapter 6 entitled **Ensuring environmental sustainability** starts by pointing out that Russia is the main ecological donor on the planet, making the biggest single contribution to biosphere stability. The country has the world's largest forest areas, largest areas undisturbed by economic activity, huge water resources, and unique ecosystems and biological diversity. The natural-resource capital of the country includes a significant part of the world's deposits of many natural resources, representing a highly important factor for the global economy. Therefore achieving sustainable environmental development in Russia is important for the whole of mankind and not only for Russians.

**T**he Chapter shows that Goal 7, its targets and indicators reflect the need to resolve two main problems in order to secure environmental sustainability: to reduce the influence of human activity on the environment and exhaustion of the natural resources; and to improve ecological conditions for human development and reduce ecological hazards threatening human safety, health and living standards. The Chapter also examines problems connected with impact on environmental indicators of Russia's investment policy, decentralization of its environmental management system, and inefficiency of a number of its environmental protection standards and mechanisms of their application, as well as other aspects of political and economic activities. It is stated the achievement of sustainable development will depend on including the environmental factor among basic socio-economic development indicators, which is in keeping with MDG ideology. Application of that ideology by all Russian Government bodies for purposes of environmentally sustainable development would assist management and resolution of the country's environmental problems and reduce the ecological hazards that pose a threat to the population's health. This objective, which is reflected in many fun-

damental UN documents, has been adopted and supported by Russia, but it needs to be pursued more vigorously. The Chapter not only analyzes problems of sustainable environmental development but also suggests conceptual goals as well as practical solutions.

The Chapter also covers MDGs related to improving the supply of pure drinking water and improvement of housing conditions. Improvement of public services and amenities as well as the quality of housing facilities are viewed as an important task, and acute problems of housing conditions of people with low-income are raised. Environmental priorities in state policy need to be strengthened and a number of measures need to be implemented to ensure that ecology favors human development,

Chapter 7 is devoted to formation of a **global partnership for development**. The respective MDG supposes joint accomplishment by the international community of such tasks as creation of open and non-discriminatory trade and financial systems, providing duty-free and quota-free access to the world markets for goods exported from the least developed countries, as well as resolution of the problem of indebtedness of developing countries, etc. Within the framework of the global partnership for development, low-income countries are recipients of international aid while high-income countries act as donors. Medium-income countries may act in both capacities. This is applicable to Russia which comes into the category of a medium-income country with large external debts.

In developing a national policy for global partnership Russia needs to decide an optimal correlation between efforts to resolve its own internal problems and expanding scope of its participation in international efforts to facilitate development. As of today, Russia has

written off more debts of the world's poorest countries compared with its national GDP than any other state. Successful completion of internal reforms, achievement of a high rate of economic growth and elimination on that basis of the negative socio-economic consequences of reforms will enable Russia to increase its role in the global partnership for development. The adapted MDG on global partnership is formulated as follows: "Participation in global cooperation serving Russian national interests and aimed at:

- creating favorable international conditions for elimination of internal obstacles to human development and achievement of MDGs in Russia itself;
- rendering foreground assistance to resolution of global problems whose manifestations inside Russia are most acute; and
- gradually expanding the scope of Russia's contribution to international assistance programmes as a donor state".

Russia is gradually shedding the role of a state that receives international development assistance and making efforts to achieve the MDGs domestically using its own resources. It is also making efforts to expand scope of its contribution to programmes of international aid and international development initiatives. The Chapter suggests that Russia's policy in respect of the global partnership, and forms and volumes of Russia's development aid, should become subjects for open public discussion, that the process of decision-making in this field should be transparent and its contents should correspond to public opinion and national interests.

Chapter 8 entitled **Millennium Development Goals and regions of Russia** is especially important for a country as large and multifarious as Russia. The author notes that a disaggregated system of MDG indicators, designed for Russia's special features, is needed in order to take account of regional diversity in developing

and implementing national strategy. One of the most popular indices is the Human Development Index (HDI), as used to reflect contrasts between regional development levels in Russia. Only the two Russian leaders – Moscow and Tyumen Region – have HDI readings that match the level of industrialized countries. In 12 other regions the indices are higher than the average country level. Half of these are in the European part of the country, where there are more balanced indicators of income, education and longevity, and the other half are resource-extracting regions in northern and eastern parts of the country. In 50 regions the HDI indicator is about 5% below the Russian average. The lag of less developed regions has been reduced significantly in recent years.

The chapter analyzes the topicality and probability of achieving the MDGs for Russia's regions. Using MDG indicators, a typology of the regions is suggested comprising different sets of social development problems, ranging from the most well-to-do regions (characterized by rapid information modernization, mitigated gender inequality in terms of income, better access to the labor market for young people, a relatively low level of infant and maternal mortality and most comfortable housing, but also by significant problems of HIV/AIDS and distinct polarization of the population in terms of income) to the less developed regions (areas of steady degradation characterized by a high degree of poverty, high infant and maternal mortality rates, spread of tuberculosis, acute problems of youth employment, less developed communications, a low level of public services and amenities, and dilapidated housing).

The author indicates that in the long run the most effective regional policy must be based on "growth centers", which arise naturally across the country. This primarily means sup-

porting institutional reforms to improve the investment climate in strong regions. Less developed regions should continue to receive support, but it must depend on efficiency of the policy pursued by the regional authorities.

A special feature of the 2005 National Report is its inclusion in the final **Chapter 9** of an analysis of the **role of civil society in achieving MDGs in the context of the Russian Federation**.

This is no coincidence because successful achievement of MDGs depends on the extent of public involvement in the process. In the Russian Federation MDGs are already used as guidelines by civil society organizations – including non-professional organizations and professional associations, women's groups and coalitions of non-governmental organizations – which seek to achieve the same goals and, primarily, to reduce poverty. Using the MDGs as a rallying point could be a catalyst for establishing strong partner relationships between civil society, government agencies and the business community. A greater role for NGOs will enhance results of socio-economic reforms and human development, and increase society's confidence in the government.

The Chapter also points out a major untapped resource, which is willingness of ordinary Russian people to take a more active role in society, as recorded by public opinion surveys. The gap between desire of citizens to take part in socially-useful work and their actual involvement shows lack of a systematic approach by the Government to encourage and support voluntary civil initiatives. Success of Russia's MDG strategy depends on creation of legal, organizational and economic conditions, which enable citizens and civil-society organizations to become active participants in processes of social development and fully-fledged partners of the Government.





# Foreword

## 1. NEW PHASE IN THE DEVELOPMENT OF POST-COMMUNIST RUSSIA: FOCUS ON LONG-TERM GOALS

The most important feature of Russia's economic and political progress in the last few years has been the return of focus on long-term challenges. During the first post-communist decade this theme disappeared completely from the economic and political agenda, as priority was given to overcoming the crisis and creating basic state institutions, which Russia had almost completely lost during the period following disintegration of the Soviet Union. However, the return of political and economic stability has made the issue of strategy relevant once more.

In 1999 Vladimir Putin reinstated solution of long-term socio-economic problems as a national priority for the first time in post-communist Russia when, as Chairman of the Government, he highlighted the need to devise a Socio-Economic Development Strategy for a 10-year period. Prepared by the Summer of 2000, the Strategy laid the basis of the Russian Government's Programme in following years and remains a reference point of government policy planning.

Later, in his annual addresses to the Federal Assembly, the Russian President formulated some key long-term goals and targets, which became the basis for plans and actions by the executive branch of power. The targets included: doubling of GDP in a decade, eradication of poverty, and modernization of the

armed forces. The nature of the tasks is complex, and they cannot be reduced to mere economic, social or military issues. They require large-scale efforts to modernize all aspects and sectors of contemporary Russian society.

The expansion of time horizons features increasingly in Russia's contemporary economic and political life. The Government assembles medium-term programmes for development of the country and for its own work with three- or four-year time horizons. A recent new issue on the national policy agenda has been preparation of a three-year budget correlated with relevant forecasts and with the current medium-term programme of socio-economic development. Intensive work is underway to increase efficiency of budget expenditures, using guideline targets for work by ministries and agencies to improve living standards and enhance competitiveness of the Russian economy.

These guideline targets are based on a system of goals developed by the Government of the Russian Federation, consisting of four critical groups:

- improving living standards and quality of life;
- improving the level of national security;
- ensuring a high and sustainable rate of economic growth;
- creating future growth potential.

Concurrently, a number of leading Russian research centers and public associations have become actively

involved in long-term development issues. These include such institutions as the Institute of World Economy and International Relations of the Russian Academy of Sciences (RAS), the Transition Economy Institute, the RAS Institute of Economics, Club 2015 (an association of managers and entrepreneurs) and others. At the same time at the international level the UN has come up with an extremely relevant and unique material devoted to the Millennium Goals (Box 1).

All the above factors made it univocally clear that now is the time to address long-term national development problems, and we should give credit to the UNDP Russia team, which suggested devoting the “National Human Development Report 2005” to goals and priorities of Russia’s development up to 2015. This time horizon is becoming increasingly relevant to both researchers and businessmen. It is at once sufficiently distant for relevant designs to be built into the foundations of a business strategy and sufficiently close to prevent us slipping into a realm of fruitless fantasies in discussion of Russia’s development trends.

Another feature of this Report is a fairly substantial modification of MDG targets and indicators to suit Russia, since they were originally designed for developing countries. This corresponds to the MDG+ approach, which, while preserving the general MDG concept, makes adaptations to suit peculiarities of the country in question. A similar approach was used in Poland and Thailand.

As will be shown below, modernization policies vary a great deal as applied

#### **Box 1. UN Millennium Development Goals**

The Millennium Development Goals (MDGs) is a system of indicators that was put forward by the UN as a yardstick of human development performance in different countries. All 189 UN states committed themselves to reach the goals by 2015. The MDG system has a three-level configuration highlighting the 8 most critical development objectives, each broken down into more specific targets, including quantifiable targets. Each of the 18 specific targets has a set of statistical indicators – 48 in number. A distinctive feature of the MDG system, setting it apart from numerous other international and national indicator systems, is introduction of a time period (1990-2015) and specific numerical measures of indicator changes – their increase or decrease during the period.

The MDG priorities are based on the concept of human development, but their choice and the articulation of specific objectives reflect understanding of the importance and seriousness of specific social problems. The structure of goals and targets is as follows:

##### **Goal 1. Eradicate extreme poverty and hunger**

Target 1. Halve, between 1990 and 2015, the proportion of people whose income is less than USD 1 a day

Target 2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger

##### **Goal 2. Achieve universal primary education**

Target 3. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

##### **Goal 3. Promote gender equality and empower women**

Target 4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

##### **Goal 4. Reduce child mortality**

Target 5. Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

##### **Goal 5. Improve maternal health**

Target 6. Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

##### **Goal 6. Combat HIV/AIDS, malaria and other diseases**

Target 7. Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target 8. Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

##### **Goal 7. Ensure environmental sustainability**

Target 9. Integrate the principles of sustainable development into country policies and programs and reverse loss of environmental resources

Target 10. Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Target 11. Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers

##### **Goal 8. Development of global partnership for development**

Target 12. Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction, both nationally and internationally)

Target 13. Address the special needs of the Least Developed Countries (includes tariff- and quota-free access for Least Developed Countries’ exports, enhanced program of debt relief for heavily indebted poor countries [HIPC] and cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction)

Target 14. Address the special needs of landlocked developing countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions)

Target 15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Target 16. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

Target 17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target 18. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies.

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to countries with different socio-economic development levels. Agrarian and urbanistic societies, post-communist and post-authoritarian countries, the states of

### Introduction of explicit goals and targets for the system of state regulation not only increases efficiency of state expenditures but also creates a serious incentive for restructuring the mechanisms and institutions of a responsible state.

Asia, Africa, Latin America or the former USSR cannot be approached in an identical manner in any attempt to overcome their backwardness. And the very notion of “backwardness” does not apply to them all in a similar way. However, this thesis should not diminish the basic idea of formulating the Millennium Development Goals (MDG) and designing ways to achieve them. MDG is a good methodological practice, which makes it possible to pool the intellectual and political efforts of different countries and international organizations to address the acute problems, which face the world at the beginning of the new millennium.

The start point in addressing the Millennium Goals is to accept the principle on which they were created, namely the desirability and appropriateness of working out a set of criteria or reference points to assess a country’s development level, and the direction and efficiency of socio-economic policies being pursued in that country.

Therefore, we are interested both in the absolute values and the dynamics of the proposed indicators. The absolute values are the basis of an inter-country analysis to determine the comparative development level of a particular country.

Dynamics of separate indicators are no less important, since they make it possible to measure efficiency of actions by government. The objective of achieving the Goals can help in designing measures to improve efficiency of budgetary disbursements and in developing a budget system based on results (the latter task is currently being addressed in Russia).

Introduction of explicit goals and targets for the system of state regulation not only increases efficiency of state expenditures but also creates a serious incentive for restructuring the mechanisms and institutions of a responsible state. This motivates renewed dialogue between society and the state regarding selection of development priorities and trajectories, which, in turn, is bound to foster future civil society development and democratization. Emergence of such a chain of stimuli is not rapid, but the general trend is undoubtedly positive.

## 2. THE CURRENT PHASE OF MODERNIZATION IN RUSSIA

Developing long-term forecasts and scenarios for a country’s socio-economic development is an important task, but we need to take account of several important circumstances, which influence the character and realism of such forecasts and scenarios. These are, first, the level of social-economical development of the country in question and, second, the nature of the problems facing that country. Let us expand on what that means as applied to contemporary Russia.

There is no doubt that modernization is the long-term goal of any contemporary country. However, the concept of

modernization is too broad and of little help in explaining the problems of any specific country. There are at least two major groups of tasks, which are currently referred to by the term “modernization”, each presupposing qualitatively different patterns of behavior by national governments. The first group is relevant to countries with a low level of socio-economic development, in which the agrarian sector is often dominant. Dominance of agriculture is not only an economic factor, but also marks political, social and cultural institutions. The second group is relevant to countries with a high level of economic development, universal literacy and generally advanced economic and political institutions.

It is clear that the strategy of modernization is substantially different in the former and in the latter cases. In the former case it is a matter of industrialization and step-by-step urbanization, i.e. formation of basic institutions characteristic of contemporary economic growth. In the latter case we have to face the challenges of the post-industrial world, i.e. the transformation of industrial economic (and political) structure into a post-industrial structure.

Mixing of these two approaches may confuse researchers and politicians alike. It is very important to take this into account when articulating the Millennium Goals – a document, which denotes certain essential issues of socio-economic development in varying country-specific contexts. While recognizing the need for the Millennium Goals, we should not forget that the difference between developing countries (in Africa, and some regions of Asia and Latin America) and post-communist countries are not merely quantitative but (more importantly) qualitative in

nature. Discussion of crises in education or healthcare and of poverty are relevant to both groups of countries. But we should remember that we are talking about quite different extents of these problems and quite different types of poverty. These problems have to be approached from quite different angles with respect to the two groups of countries.

This does not have to imply that governments cannot design general concepts or action plans to accelerate development of a country in the process of modernization. The Millennium Development Goals offer just such a general methodological policy framework.

## At the turn of the 21st century Russia is facing the problems of structural transformation from an industrial to a post-industrial society.

But discussions of modern Russia need to remember the specific nature of the challenges, which the country faces, and its specific ways of confronting them. When we say “specific” we do not mean any allegedly national, cultural or religious traits that may set Russia apart from other nations. What we have in mind are some peculiarities regarding the level of national socio-economic development and Russia’s experience in recent decades of solving problems of a strategic and structural character.

At the turn of the 21st century Russia is facing the problems of structural transformation from an industrial to a post-industrial society. The crisis of industrial society was at the root of negative trends in development of the Soviet

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Union during the last 10 to 15 years of its existence. That crisis was akin to the difficult transformation crises undergone by modern Western countries in the 1970s,

**...although the Soviet Union was a country with a medium level of development, it had a number of unresolved problems characteristic of countries with a much lower level of development. These problems were most manifest in the status of political institutions and people's welfare.**

when they laid the foundations for the post-industrial breakthrough, which was to come. The Soviet Union could not or would not start any serious structural reforms, preferring to rely on oil-dollar abundance. This resulted in collapse of the entire communist system. Moreover, the structural problems are still present, and they will dominate discussion, design and implementation of economic policies in Russia for at least a decade to come.

So the structural problems encountered by Russia by the last quarter of the 20th century, and which continue to play a defining role in Russia, are comparable to problems encountered by the most advanced Western countries in the recent past. However, there is another aspect which complicates and confuses the situation. And that is that, although the Soviet Union was a country with a medium level of development, it had a number of unresolved problems characteristic of countries with a much lower level of development. These problems were most manifest in the status of political institutions and people's welfare.

In the USSR a fairly advanced industrial economy was based on an archaic hierarchy of political and economic institu-

tions. At the time of its disintegration the Soviet Union lacked democratic political institutions, such as an independent court system, a civil society, legal and (most importantly) legitimate private property, a free press and many other attributes of contemporary post-industrial society. In other words, Russia faced the challenges of post-industrial society, but was prepared for them in a technological rather than an institutional sense.

The contemporary post-industrial system requires not only advanced technologies and educated personnel, but also adequate political and social institutions. As distinct from the industrial system, there are no precedents of a post-industrial society existing without political democracy in the full sense (notably, as regards the status of political and judicial systems).

Having said that, it would be wrong to reduce all the problems to either policy or technology. For example, Russia's spatial diversity is another key aspect: the country as a whole has a medium level of socio-economic development, but for a number of its regions those sections of the Millennium Goals apply, which were developed for poorer countries and regions of the world. Combating extreme poverty, reducing levels of mortality (especially infant mortality), improving access to school education, overcoming stagnant social inequality, youth unemployment, women's exclusion from economic and political life, spread of AIDS, tuberculosis and other diseases – all those problems are acute not only in "third world" countries but also in some regions of the Russian Federation. There are also issues of sustainable ecological development, and development of telecommuni-



cations and transport infrastructure. All these issues are dealt with in the Report, and until they are resolved there is no point in setting ambitious goals, whether for doubling GDP or creating a contemporary post-industrial economy.

Russia's fundamental challenge is therefore a combination of three challenges – technical and economical, humanitarian (development of human capital) and political. And the different speed, at which these three challenges are being met, makes their inter-relation highly complex. Technological and economic tasks, while difficult, can be accomplished comparatively promptly – it is possible to develop and adopt necessary economic legislation, and attract foreign investors to high-technology sectors. But these solutions will, at best, be islands in a sea of social and economic instability.

It is much harder to resolve humanitarian and political problems. Sustainable business development requires political stability, including strict observance of the law, guarantees of personal security and security of private property, and an efficient and just system of law enforcement (law and order). But these tasks cannot be resolved by adopting legislation – they require gradual accumulation of experience and traditions. And no one can predict how long it will take to turn a corrupt system into a fair and efficient one.

The problem of human development is equally complex. Strictly speaking, it consists of two sorts of problems. On the one hand, there are problems described in the MDGs as characteristic of poor countries, related to spread of contagious diseases and regions with stagnant poverty or low life expectancy. On the other

hand, there is a crisis of the health care and education systems, which are also difficult issues in the world's most developed countries.

The importance of modernizing education and health care is generally rec-

### Another specific aspect in modernization of Russia's humanitarian sectors is lack of positive international experience.

ognized, as is the existence of long traditions of development of these systems in Russia. However, it is not always understood that their crisis is more of a structural than a financial nature. The problem is not that the state fails to invest enough in education or health care (add to that also science and other human-capital-related spheres). The problem is transforming the principles of those sectors' organization to meet the challenges of a modern society – a society, which is ageing, and is applying ever higher demands

### Individualization also entails decentralization.

on quality of human capital. In such circumstances mere financing increases for the respective sectors will not produce desired outcomes. There is a need for deep institutional restructuring to enhance efficiency and create institutions adequate to the present phase of development in Russia and the world.

Another specific aspect in modernization of Russia's humanitarian sectors is lack of positive international experience. Russia's development problems in the social sphere are not unique: they were merely highlighted by the systemic crisis in the Soviet system. Essentially analo-

gous problems are faced by most developed countries of the world, since the basic principles of their social sector were laid down when their industrial societies were established. Russia seems fated to be a pioneer in overcoming these difficulties, and only time will tell how we will cope.

### 3. LONG-TERM STRATEGY AND POST-INDUSTRIAL CHALLENGES

**D**esign of a strategy for sustainable (and, as applied to Russia, also accelerated) development in the post-industrial world needs to take account of some specifics of the post-industrial reference system.

**D**iscussions centered on the problems of contemporary Russian modernization not infrequently propose the model of accelerated industrialization in the 1930s, where sectoral priorities are identified and the efforts of state and society are mobilized to address the challenge.

**As science comes to the fore and offers practical applications in economic and social life, the potential for economies of scale is diminishing, reducing the potential for centralization of the creative process.**

Such an approach is quite understandable: it is deeply rooted in Russian economic and political history. However, any attempt to implement it today would be fraught with heavy losses and eventually result in defeat.

**T**he mechanism of catch-up development in the post-industrial world is substantially different from the respective mechanism in the era of industrialization.

The specifics of a post-industrial system create additional problems for analysis, mainly related to greater uncertainty concerning all parameters of action in such a society. This is a result of the features, which radically distinguish a post-industrial society from its industrial predecessor. First, technology moves much more quickly, narrowing the time horizons of economic and technological forecasts. Second, there is practically unlimited growth of demand and, consequently, a major expansion of capacities for satisfying this demand (in terms of both resources and technology). This process increases the scale of the economy by many times and simultaneously “individualizes” or “customizes” the economy: both demands and technological solutions become increasingly customized,<sup>1</sup> causing a higher level of uncertainty.

**T**his entails a sharp narrowing of time horizons in responsible forecasting of peculiarities and priority technological development trajectories of countries and separate sectors. In the industrial era it was possible to set growth priorities 20 or 30 years ahead, and by meeting them automatically enter the group of advanced countries (this was done in the 19th century by Germany, and later by Japan and the Soviet Union). Nowadays there are no such guarantees: a country might aim to outdo the whole world by production of computers per capita, or develop programmes for manufacturing the world’s best aircraft or telephones, only to find, when it implements these goals, that the world has moved on technologically in a direction, which could not have been anticipated when the programme was devised. The new era is not dominated by hardware (even high-tech hardware), but by information flows. In

such conditions strategic planning at the state level is “a dangerous arrogance” (as Friedrich Hayek put it), which may lead only to preservation of backwardness.

In fact, just as generals always plan the battles of the past war, so are structural forecasts always oriented to past experience, the experience of those who are believed to be “the frontrunners”. This approach made some sense in the industrialization phase, when notions of advancement in an economic structure and of sectoral priorities remained stable for at least several decades.

For these reasons, post-industrial success is much more dependent on identifying a country’s comparative advantages. As happened at the early stages of economic growth in the modern world, preconceptions about breakthrough sectors have to be renounced and attention has to be focused on the factors most relevant to a particular country in particular circumstances.

Individualization also entails decentralization. While industrial society was primarily characterized by economies of scale, their role is constantly diminishing in the post-industrial world. Certainly, as long as there is mass production, economies of scale remain relevant as does the role of major centralized firms. But as science comes to the fore and offers practical applications in economic and social life, the potential for economies of scale is diminishing, reducing the potential for centralization of the creative process.

The most important function of the state is no longer concentration of resources on priority tasks, but creation of

conditions for economic agents (firms) to perceive trends in productive forces as accurately as possible and to react accordingly. The adaptability of an eco-

**Economic openness is also important as an instrument for curbing pressure from major producers (financial and industrial groups) to monopolize the country’s economic and political life. Negotiations on WTO accession should be aimed specifically at a post-industrial breakthrough rather than at primitive protection of “domestic producers”, and discussions on creation of a common European economic space with the European Union should have the same priorities.**

conomic system is becoming a much more important factor for success than ability to mobilize huge material and human resources, which was a subject of special pride in the Soviet Union.

Adaptability of society presupposes creative potential of all its agents, which is not achievable if their initiatives – both economic and political – are suppressed. Freedom to create, freedom of information flows, and freedom to include individuals in those flows are crucial prerequisites for a breakthrough. In other words, it is necessary to create political and economic conditions that favor intellectual development. Paraphrasing a well-known slogan of Soviet times, one might say that freedom is becoming the direct productive force of society.

Peculiarities of the post-industrial epoch also explain the flourishing of liberalism, which has been in progress for about a quarter of a century; the flourishing which Francis Fukuyama romantically calls “the end of history”.<sup>2</sup> Of course, what

we are in fact seeing is not the absolute and final triumph of liberalism, but the present development level of productive forces and the corresponding models of successful modernization rely either on mainly liberal economic strategies (as in advanced Western countries) or have a trend towards liberalization (as in the fast-developing countries of South-East Asia). A similar situation is observed in contemporary Russia: all slogans and declarations put forward by the Russian Governments since 1992 have been based on principles of economic liberalism. This was particularly obvious in the government of Evgeny Primakov, which, despite a harsh anti-liberal rhetoric, actually implemented the recommendations of liberal economists in its economic policy, and in some cases (e.g. in budget and monetary policies) did so even more intensively and consistently than the right-wing liberals who had been in power previously. (Similarly, during the triumph of developed industrialism in the first half of the 20th century not only the Bolsheviks but practically all governments of pre-revolutionary Russia and also all Western governments actively applied ideas of centralization and dirigism).

**H**ence, we can isolate the following essential aspects of economic policies that are suitable for the post-industrial modernization phase. They have direct relevance in contemporary Russia.

**F**irst: renunciation of industrial policies in a traditional sense of the word, i.e. of attempts to define long-term sectoral priorities and focus government efforts on their achievement. All attempts of this kind have been a failure to date, since there is no objective criterion of sectoral priorities. Policy should not be oriented to “setting

priorities” or “choosing winners”. Even if it could be successful in contemporary conditions (which it cannot) such policy would lead to selection as “priority sectors” of the sectors, which have maximum lobbying strength. It is much more important to enable timely adjustment of the sectoral structure, and government should focus on protecting national businesses, which achieve global success, by political (including, foreign policy) means.

**S**econd: ensuring flexibility and adaptability of the economic system, and ability of economic agents to rise promptly and adequately to new challenges. Adaptability replaces the concentration of resources as the key reference point for state policy. Adaptability is much more important than formal indicators of economic development, measured as average per-capita GDP.

**T**hird: the limited potential of long-term forecasts and the importance of ensuring maximum adaptability of the system warrant the hypothesis that a catch-up country in the contemporary world should have a lower budget burden on the economy than is the case in the most advanced countries. That is a fundamental difference between the contemporary world and the industrial epoch, when catch-up countries had to concentrate much bigger resources in their budgets than those countries, which had already achieved industrialization.

**F**ourth: investments in human capital have paramount importance for both the state and businessmen. This primarily concerns such spheres as education and health care. The latter, apart from the humanitarian constituent, may have a considerable multiplicative effect.

Although the example may seem far-fetched, health care may play a similar role in contemporary conditions to the role played by railway construction in 19th century industrialization.

**Fifth:** the state should attach priority importance to enhancing efficiency of institutions of political democracy and law enforcement. Economic policies will produce no result, and even the best economic legislation will remain void in the absence of strong and respected courts taking fair decisions, of law-enforcement bodies that are trusted by society to implement laws and court rulings, and of mass media that provide social control over the activities of government. The state's economic activities and its participation in financing economic projects will be an inefficient waste of resources unless the judicial and law-enforcement systems are at an adequate level. Indeed, state economic activities are immoral if social sphere sectors are underfinanced.

**Sixth:** reduction of administrative barriers to business. That is partially covered by the previous paragraph (enhancing the efficiency of law-enforcement system), but there is also a need for special deregulatory activities. Barriers to business are not radically new in Russia. Practically all the problems, which businesses complain of today (abuse of administrative power, corrupt practices, problems with setting up a business, etc.) were widespread in Russia a hundred years ago. It is interesting to peruse a memo from the Tsarist Finance Minister, Sergei Witte, to Tsar Nicholas II and find all the same entrance barriers to business,

which exist today (perhaps, with one exception: Witte sees a serious obstacle to business development in preservation of the pale of settlement (exclusion of Jews from Russia's chief cities) and suggests its abolition, which later occurred).<sup>3</sup>

**Seventh:** a sufficient level of economic openness. Moreover, foreign economic policies should be oriented to creating and stimulating development of new high-tech sectors and deeper processing of traditional export products. Economic openness is also important as an instrument for curbing pressure from major producers (financial and industrial groups) to monopolize the country's economic and political life. Negotiations on WTO accession should be aimed specifically at a post-industrial breakthrough rather than at primitive protection of "domestic producers", and discussions on creation of a common European economic space with the European Union should have the same priorities.

**T**hese issues add up to a general framework for developing successful modernization policies: they are essential but by no means sufficient conditions for a breakthrough. Any successful modernization project is unique, and is founded on ability of political leaders and the intellectual elite to find key solutions in a particular country and at a given time.<sup>4</sup> All such measures are hard to theoretically analyze and forecast. That is why the art of economic policy has always been the key factor in preparing a breakthrough strategy, whether industrial or post-industrial. Why one country's modernization project proves successful and another's a failure is only visible to economic historians of the future.



### Box 2. Targets of goal-oriented planning

In spring 2004 the Russian Government started a reform of its budget management system aimed at increasing responsibility of budget-beneficiaries and introducing new programme-oriented methods into government finance.

The cornerstones of this reform are:

- transition to a sliding three-year budgeting period, and competition between programmes within this medium-term period;
- more freedom for budget-beneficiaries in terms of expenditures, but only in exchange for their assumption of greater responsibility for fulfilling declared programmes and targets;
- more transparent execution of budget programmes through greater social involvement in proper choice of goals and priorities, and growth of financial discipline in the country.

Such a system should bind Government goals to goals and targets set by ministries and agencies, which will, in turn, be bound to budget programmes and the latter, in turn, to budget resources. However simple such a logic may seem, each of the stages involves many problems concerning content and technical issues:

#### 1) Choice of development goals and their indicators

All subjects of budgetary planning (hereinafter - SBPs) will take the system of Government goals as their starting point when setting their own targets. The government system of goals describes ideal long- and medium-term outcomes of the country's development. This system is constructed as a multilevel "tree of objectives" (below), and is a compilation of goals specified in various documents, e.g. Addresses of the President and international documents describing Russia's external obligations linked to its role in global development. One of the more important such international documents is the UN Millennium Development Goals.

##### 1. Improve standard and quality of living:

- 1.1. Improve material well-being of the population
- 1.2. Improve people's health and safety of living conditions
- 1.3. Improve and develop people's social, intellectual and spiritual needs
- 1.4. Ensure efficient employment and decent working conditions
- 1.5. Improve access to education
- 1.6. Ensure human rights and freedoms

##### 2. Increase the level of national security:

- 2.1. Deterrence of military and political-military threats to Russia's security and interests
- 2.2. Ensure political and economic interests of Russia in peace-time
- 2.3. Ensure readiness for military action during peace-time
- 2.4. Reduce risks and possible damage caused by terrorism

### 3. Ensure high rates of sustainable economic growth:

- 3.1. Develop free and competitive markets
- 3.2. Ensure macroeconomic stability
- 3.3. Ensure guarantee of ownership and protection of contracts (observance of contractual obligations)
- 3.4. Establish conditions for dynamic economic growth in regions with backward or depressed economies
- 3.5. Improve competitiveness of Russian economy
- 3.6. Improve competitiveness of Russian businesses

### 4. Establish potential for future development:

- 4.1. Develop scientific potential
- 4.2. Develop infrastructure potential
- 4.3. Replace and develop work force potential
- 4.4. Develop resource potential
- 4.5. Develop public administration potential
- 4.6. Develop cultural and intellectual potential (as a basis for integrity, stability, and dynamic development)
- 4.7. Speed up social and cultural modernization (of values, motivation, stereotypes, etc.)
- 4.8. Build international relations capacity

Evidently, the main obstacle to achieving any goal is financial and resource limitations, and this remains a major problem in Russia today. Therefore priorities need to be identified within the selected system of goals. It is important to note that the goals themselves are dependent on one another – progress in one sphere can contribute to progress in another or, on the contrary, suppress it. For instance, development of agriculture in the less developed areas of the North Caucasus diminishes the social base for terrorism; similarly, poverty reduction significantly changes motivations for childbirth. Therefore, goals and targets of SBPs must be bound to the identified priorities in order to be successfully achieved.

### 2) Targets of ministries and agencies

The targets set for SBPs should not be general ones of a "desirable future", but should specify expected results. One of the main problems here is the complex, multifaceted character of most targets, which require plurality of interacting and overlapping jurisdictions. Achievement of most targets depends not only and not so much on a particular SBP, but on coordinated efforts between government bodies. An extremely important task emerges: to redistribute functions among all the concerned agencies and organize their close cooperation. The mechanics of this cooperation remain to be worked out and properly arranged, but it is highly important to concert this process with the administrative reform, which is currently underway in Russia.



# Alleviation of poverty as a priority for socio-economic development in Russia

## 1.1. POVERTY IN THE PERSPECTIVE OF THE MILLENNIUM DEVELOPMENT GOALS

**R**eduction of extreme poverty is defined as primary among the development goals formulated in the Millennium Declaration.

**I**t is clear from consideration of the problem in an international context that poverty is, by its very nature, relative. In countries with a lower level of economic development poverty is mainly manifested in such phenomena as hunger, lack of potable water, illiteracy, high mortality from elementary diseases (e.g. diarrhea). In developed countries lack of means to

**1% of the Russian population was in extreme poverty by the Millennium Declaration definition (poverty line of USD 1 per day) in 2003, and 5% were in extreme poverty by the World Bank definition (USD 2.15).**

buy a car or secure a mortgage loan may be defined as poverty, and most emerging markets include a wide range of durable goods in the minimum consumer basket for poor families.

**B**ut, despite significant differences in what is classed as low material welfare standards in countries with different levels of economic development, final analysis of the notion of poverty leads to a single set of goods, services and satisfied needs, lack of which is considered inadmissible in any country today.

**M**onitoring, which aims to measure prevalence of poverty, traditionally seeks answers to two questions: how many people or households are below the poverty line (the share of the poor) and how poor they are (the resource deficit of the poor, poverty gap). This is also the basis for targets to be addressed by states implementing the Millennium Declaration and for indicators measuring progress in attainment of MDG Goal 1.

**T**arget 1. To halve the number of people living in extreme poverty by 2015. The following indicators are suggested for appraising efforts to achieve that goal:

- the share of people with current consumption resources below one dollar (USD 1) a day<sup>1</sup>;
- poverty gap dynamics based on a poverty line of USD 1 a day;
- the share of consumption by the poorest 20% of people in overall consumption.

**T**arget 2. To halve by 2015 the number of people suffering hunger. Achievements in meeting this target will be measured by:

- prevalence of weight deficiency among children under 5 years of age;
- the share of people with calorie consumption levels below the minimum.

**T**he share of the Russian population in extreme poverty is much less than 20%, so Target 1 can be viewed as largely achieved.

**Monitoring and indicators relating to the share of people with income below USD 1 a day (and**

to the respective poverty gap) concern alleviation of extreme poverty. There are no relevant official data for Russia, since the Federal State Statistics Service measures poverty on the basis of the official subsistence minimum, which is much higher than one dollar. The World Bank uses a poverty line equal to USD 2.15 daily income to define extremely low living standards in the region which includes Russia, since cold climates require additional essential spending on heating, winter clothing and foodstuffs<sup>2</sup>.

The World Bank calculates that 6.1% of the Russian population were in extreme poverty in 2000, based on a poverty line of USD 2.15 per day. Data for 2003 available from the National Survey of Welfare and Participation of the Population in Social Programs (NOBUS)<sup>3</sup> allow us to give more up to date expert estimates of extreme poverty in Russia. The results suggest that 1% of the Russian population was in extreme poverty by the Millennium Declaration definition (poverty line of USD 1 per day) in 2003, and 5% were in extreme poverty by the World Bank definition (USD 2.15).

For countries with a low level of economic development the share of the poorest 20% of the population in total consumption is a measure of extreme poverty. But in Russian conditions this share approximates to official poverty levels with an overlap to families, who are not officially classified as poor: in 2004 the Russian official definition of the poverty line classified 17.8% of the population as poor. We should note that the official Russian subsistence minimum (poverty line) is 5–6 times higher in price terms than the extreme poverty line of USD 1. In what follows we will use the World Bank poverty line of USD 2.15 a day to define extreme poverty (Box 1.1).

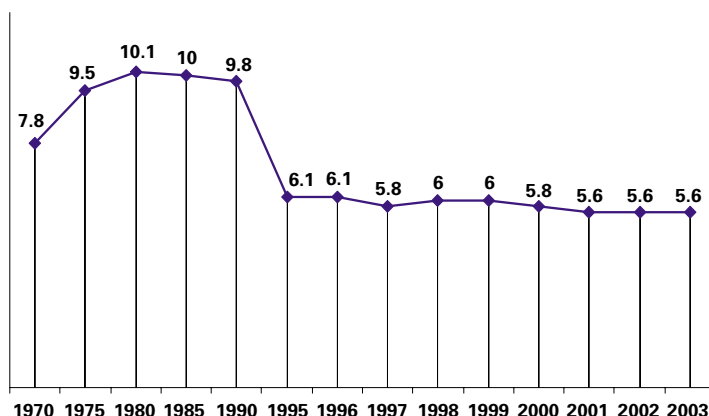
It is important to emphasize that resources of the poorest 20% of society are a measure

## Russia experienced a major redistribution of resources in favor of the medium- and high-income strata of society as it entered the phase of economic crisis and market transformation in the early 1990s.

of both poverty and inequality: the lower the resources of the poorest 20%, the higher both poverty and inequality. Data presented in Figure 1.1 show that Russia experienced a major redistribution of resources in favor of the medium- and high-income strata of society as it entered the phase of economic crisis and market transformation in the early 1990s. The indicator varied in a range of 5.8–6.1% from the mid 1990s until 2000, which we take as the start point for Russian economic growth, when it settled at a level of 5.6%. That shows that the poor have not received priority access to the fruits of economic growth, and suggests potential for poverty reduction.

The criteria of calorific value of food and weight deficiency among infants serve to identify undernourishment and hunger. Calorie consumption data, unlike data on daily incomes below USD 1 or USD 2.15, are regularly published in Russian official statistics. These statistics can be compared with calorific norms of the official Russian mini-

Figure 1.1. Share of the poorest 20% of the Russian population in total income, 1970–2003, %



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imum consumer basket to estimate what proportion of the population is undernourished. By this standard, **nearly 40% of the Russian population is undernourished in calorie terms and 60% of Russians do not eat enough protein.** However, the average Russian daily consumption level of 2684 calories means that Russia does not qualify as malnourished by international standards<sup>4</sup>.

**O**fficial data on calorie consumption do not take account of eating away from home, which adds about 20% to consumption levels. After this adjustment the percentage of Russians, who are undernourished by standards of the minimum consumer basket, declines to 10-15%. In any case, the calorie consumption standard implied by Russia's official minimum consumer basket is well above the

### The current Russian social security system includes targeted assistance to vulnerable groups, but does not treat the poor as a priority group for social programs.

required daily calorie intake for normal metabolic functioning (1500 calories)<sup>5</sup>, which serves as a calorie criterion for malnutrition. The data available to us suggest that 1-3% of the Russian population are affected by this form of extreme poverty, but we should stress again that official statistics do not keep track of it.

**I**ncidence of weight deficiency among children under 5 in Russia is measured by anthropometric research on nutrition. The only source of information is research organized by the Institute of Nutrition<sup>6</sup>, which has found that cases of acute and chronic undernourishment do exist in Russia and are concentrated among families with lowest incomes. Abnormally low height and weight suggesting chronic nutrition deficiencies are most common among infants (usually low weight) and in the 7-10 age group (usually

insufficient height). Incidence of undernourishment among Russian children differs little from its incidence in developed countries, and the indicator is much better than in developing countries<sup>7</sup>, but the very existence of such an extreme form of poverty is sufficient grounds for monitoring it and designing measures to overcome it.

**I**n conclusion, an overview of official statistics, results of alternative research, and our own calculations indicate that:

1. Incidence of extreme poverty in Russia, measured by criteria defined in the Millennium Development Goals, is in a range of 1-5% of the population. However, an account of the marginalized groups would increase the overall incidence of extreme poverty.
2. Malnutrition is a relevant aspect of poverty in modern Russia.
3. Standards, which are used to measure poverty in Russia, do not allow monitoring in full compliance with the indicators set out in the Millennium Development Goals.
4. Tracking of poverty dynamics in compliance with the Millennium Development Goals would require modernization of the entire system of indicators used by Russian poverty monitoring.
5. The current Russian social security system includes targeted assistance to vulnerable groups, but does not treat the poor as a priority group for social programs.

## 1.2. SPECIFIC ASPECTS OF POVERTY IN RUSSIA AND MEASURES FOR ITS ALLEVIATION

**P**overty is a distinctive feature of Russia today, and has inevitably attracted the attention of executive and legislative branches of power, and of society as a whole. Halving the incidence of poverty is a declared priority goal of the Medium term Program for

A review of the problems of poverty in Russia should start with a brief description of general trends in the level and structure of personal incomes. Price liberalization in 1992 cut real personal incomes by half, and reduced real wages and pensions by even more. There was a recovery in subsequent years, but the 1998 crisis brought real incomes back to their level in 1992. For the household sector as a whole **cumulative changes in per-capita income during the reform years have not brought incomes back to their prereform level.** That is despite a fairly high rate of income growth since the crisis of August 1998 (Figure 1.2). It is true both for incomes as a whole and for the two main sources of money income for households: wages and pensions.

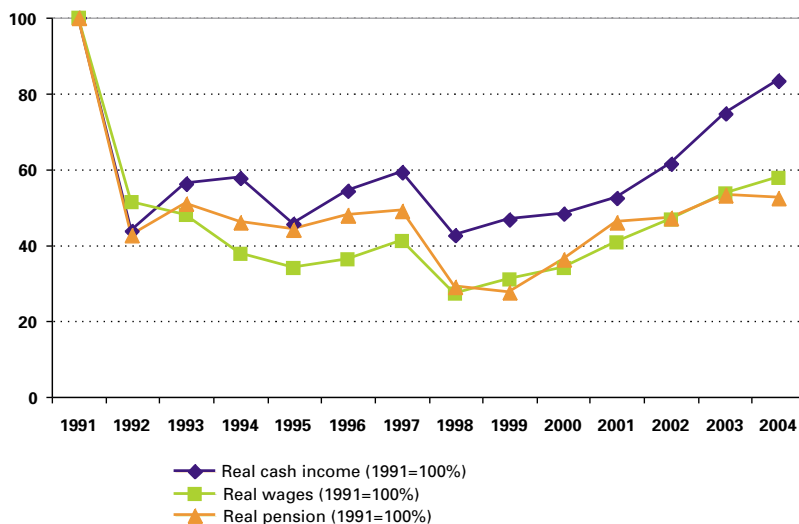
These changes have been accompanied by the appearance of new sources of money income in Russia: from entrepreneurial activity and from property. The share of these new sources in overall income has been growing, while the share of wages has been steadily declining.

Data of the Federal State Statistics Service concerning inequality in distribution of revenues and labor compensation in Russia show how redistribution of overall cash income has taken place (Figure 1.3). Main trends in development of the Gini coefficient have been as follows:

- threefold growth in the initial transition period (from 1992);
- decline (due to the 1998 crisis), followed by new growth;
- high and steady levels of inequality in recent years.

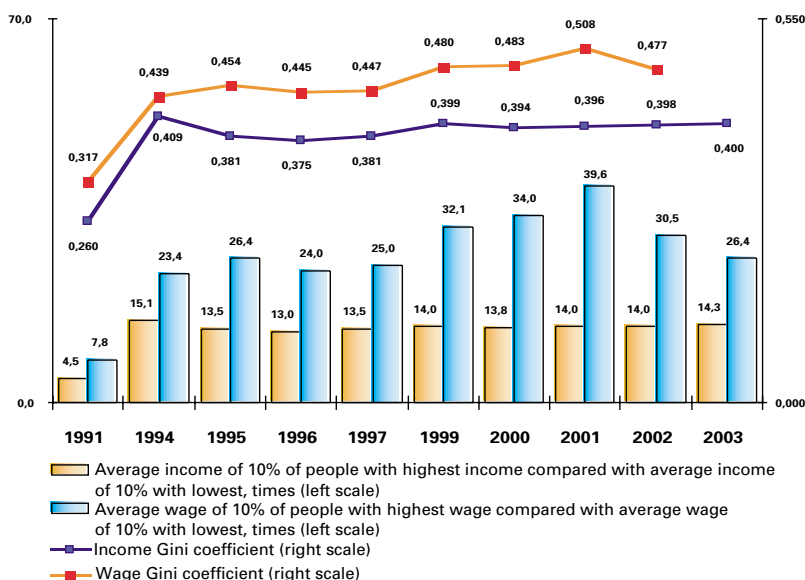
Thus, in 1999-2003 nearly a half of total money incomes was taken by the wealthiest part of the population.

Figure 1.2. Household income dynamics, 1991 = 100%



Trends in income levels and income inequality have effectively determined trends in the scale and depth of Russian poverty. However, income volumes and principles of income distribution are not the only factors that regulate poverty (measured in money terms): the choice of conceptual approaches in defining the poverty line and adequacy of income are just as important.

Figure 1.3. Dynamics of income and wage differentiation indicators



1.2.1. POVERTY LEVEL AND DEPTH

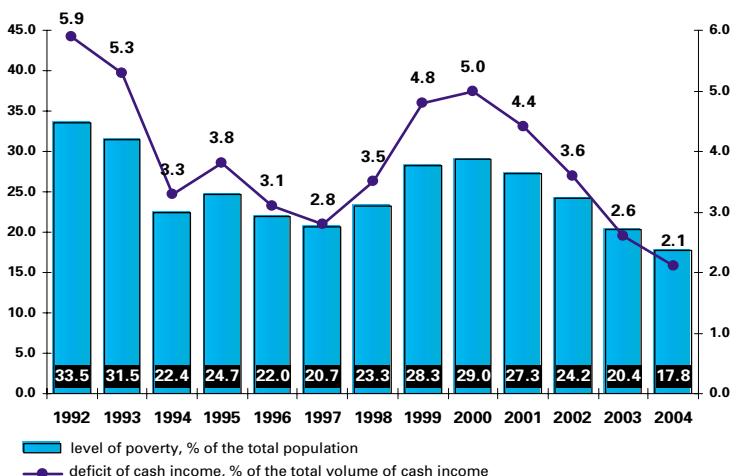
Official Russian statistics on the poverty level are based on the **index of the number of the poor**, calculated as the share of the population with income below the subsistence minimum. Figure 1.4 shows development of this indicator and reveals significant variation of index values in the years of reform. After a surge at the start of transformations, poverty indicators then declined steadily until 1995 with a particularly sharp decline in 1994. However, this had nothing to do with specifics of socio-economic policies or institutional change. The semblance of radical poverty reduction at that time was due to change in the methods used for constructing the income distribution series.

Poverty increased to some extent in 1995 due to a domestic banking crisis, after which the situation improved up to the crisis of August 1998. Following a painful aftermath in 1999, there has been a further steady reduction in poverty. This process started in 2000, but was not immediately visible: Russia established a new higher subsistence minimum in that year, so growth of real incomes did not produce a

reduction in numbers of people with incomes below the subsistence minimum. However, a steady trend towards poverty reduction has been clear since 2001, showing positive impact of economic growth on incomes.

Can a poverty headcount be treated as a reliable poverty indicator? In some instances the answer is yes: it is easy to understand and use in practice, and is a perfectly adequate analytical instrument for appraisal of general progress in poverty reduction. However, a poverty headcount is inadequate for some purposes, including analysis of the impact of some political measures on poverty. For example, a poverty relief program may be aimed at the very poorest, and may substantially raise their incomes without taking them out of the poverty group. In such cases the **poverty gap** indicator gives the most accurate estimate of trends. This indicator can be calculated in different ways. The official Russian statistics calculate it as the sum of additional income, which those below the poverty line would need in order to reach the line, expressed as a percentage of total income. Development of this indicator is presented in Figure 1.4. It shows that in 2003 eradication of poverty would have required redistribution of 2.6% of total incomes. However, in a situation where incomes of wellpaid social strata are increasing further, the poverty gap may shrink even when poverty is becoming more acute. If incomes of the poor do not change, but general income growth is observed, the poverty gap expressed as a percentage of total income shrinks.

Figure 1.4. Official estimates of the poverty level and poverty gap based on macroeconomic data<sup>8</sup>



The most informative indicator is the per-capita poverty gap, or income deficit. i.e. the difference between average income of those below the subsistence minimum and that minimum itself, expressed as a percentage of the minimum. Farreaching conclusions can be based on the series of distributions for this income deficit. The indicator is not pub-



lished in official statistics, so we have to rely here on the NOBUS data. We find that estimates of poverty incidence based on these data do not tally with official estimates (Table 1.1). The discrepancies are due to use of different data to measure incomes (actual incomes, spending and available resources<sup>9</sup>), and use of different sources for the data (macroeconomic statistics or household surveys). NOBUS shows a higher poverty incidence than official estimates, and methodological inadequacies of the official estimates suggest that these differences should be taken seriously. Discussion of approaches to defining poverty is beyond the scope of this report, but the NOBUS results suggest that 26.0% of households, or 33.4% of the Russian population, are in poverty.

Let us consider now the income deficit indicator, calculated using the NOBUS data, and measured as a percentage of the subsistence minimum indicating how much should be additionally paid to the poor to raise their incomes to the subsistence minimum, i.e. to bring them out of poverty. The average income deficit of the poor is 28.7%. This justifies the conclusion that poverty in Russia does not run too deep. The income deficit in the majority of poor families does not exceed 20% of the subsistence minimum. Only 8.5% of poor families suffer a deficit in excess of 60%.

The implication is that a large share of poor Russian households are concentrated near the poverty line, and only about a tenth of them are in desperate want (lacking means for subsistence). The fact that poverty is not deep offers some reassurance about developments in Russian living standards, and the concentration of households near the poverty line suggests a large amount of temporary poverty.

That suggests two completely different strategy options. First, programs to support people living near the poverty line could

**Table 1.1. Poverty level in 2003, %**

Data sources	Households		Population	
	Incomes (spending)	Available resources	Incomes (spending)	Available resources
Based on a distribution series model by spending*	-	-	-	20.4
Based on the Household Budgets Survey (HBS) for spending**	41.2	32.5	47.3	39.4
Based on NOBUS data	49.0	26.0	55.6	33.4

\*Official poverty level estimate

\*\*HBS – Household Budget Surveys, carried out quarterly by the Federal State Statistics Service

substantially reduce numbers of the poor at minimal cost. Second, about 8% of poor families will remain poor even if a considerable part of income is redistributed for their benefit, so they need special programs targeted at reducing the depth of poverty. The latter group should be the addressees of measures implemented under the First Development Goal in the Millennium Declaration, which targets eradication of extreme poverty.

## 1.2.2. PROFILE AND CAUSES OF RUSSIAN POVERTY

The poverty profile in Russia identifies three household categories:

- **Traditionally poor** (families with many children, families with less than two parents, and pensioners living alone), who represent **about 30% of total poverty and 35% of the total income deficit**. Pensioner families in this group are not usually in acute poverty, but families with many children or less than two parents may be.
- The largest poverty group consists of **two-parent families with 1 or 2 children**. They make up **40% of total poor families and account for 35% of total income deficit**.
- **Childless mixed sex families represent 25% of total poverty and account for 18% of income deficit**.

This profile shows that children are significantly affected by poverty in Russia: they

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are among traditional risk groups, but can also be drawn into poverty when they live in complete families, since parents with two or more children have to spend more.

The poverty profile also warrants the conclusion that traditional poverty factors, related primarily to a dependency burden from people who are incapacitated, are not of

### Nearly every second poor family includes workers with wages below the subsistence minimum.

key importance in contemporary Russia. The main factors determining poverty are two-fold: wages below the subsistence minimum and unemployment among able-bodied household members.

Low wages are definitely the main factor: nearly every second poor family includes workers with wages below the subsistence minimum. But unemployment is also a significant factor: every tenth poor family includes an able-bodied member, who is looking for work. However, it has to be pointed out that

### The number of poor households with members who are jobless but not seeking work is much higher (30% of all poor households). So unemployment among the able-bodied is not only a consequence of labor market deformations, but is a part of the economic behavior strategy of households.

the number of poor households with members who are jobless but not seeking work is much higher (30% of all poor households). So unemployment among the able-bodied is not only a consequence of labor market deformations, but is a part of the economic behavior strategy of households. A model of economic behavior, where one parent receives a low wage and the other is not working or seeking

work, is a widespread life style among those who are in poverty for an extended period.

The most at risk among two-parent families with 1 or 2 children are young families, since birth of a child entails a double dependency burden: care of the child and maternity leave of at least a year and a half for the mother (although maternity leave is officially paid).

Families with many children, families with less than two parents, as well as pensioners and the disabled are traditionally **vulnerable household groups with higher poverty risks**. Vulnerability here is associated either with lack of a provider in the family or a high dependency burden, or limitations due to health.

Analysis of the profile and causes of poverty in Russia is incomplete without consideration of differences arising from **geographical location and settlement types**. Differences between poverty and household income levels due to geography (territorial disproportions in economic development) are characteristic of any country. But such territorial disproportions are strongest in countries experiencing catch-up growth, including transition economies. Issues of regional differentiation are reviewed in detail in a separate chapter of this Report, but it is important to emphasize here that location and settlement type are major contributors to income differentiation in Russia. The main point is that the share of Russia's rural population in total numbers of those in poverty (40%) is almost 1.5 times bigger than the share of rural dwellers in the total population.

The analysis so far in this Chapter of the level, profile and causes of poverty suggest a few conclusions about policies aiming to relieve poverty in Russia:

1. The peculiar feature of Russian poverty is that the "working poor" account for more than 50% of poor households, and that the

level of poverty in such households is usually not deep. These families are usually poor because of low levels of labor remuneration and unemployment of ablebodied members of the household.

2. Traditionally poor categories of the population are not the biggest group among the poor because of their low representation in the total population. However, they are most at risk of poverty and suffer the highest income deficit, so they are more likely to be in the poorest group. Children stand out among particularly high risk groups: their chances of being among the poorest group are very high.

3. Russia already has a stagnant poverty group, consisting mainly of those in extreme poverty and totaling about 5% of the Russian population. The stagnant group includes traditional poverty categories, but also contains families with inactive ablebodied members who have lost touch with the labor market. Despite current economic growth in Russia, the extremely poor will not be able to improve their income status due to inadequacy of targeted social programs for the poor in general and lack of special programs for the extremely poor.

4. Pensioners are not particularly at risk of poverty and are unlikely to be in extreme poverty. This result is clearest when we use available resources (monetary and nonmonetary) as the criterion for level of current welfare. This is largely explained by the fact that pensioners are principal beneficiaries of benefit programs targeting specific population groups. Households with disabled members are at increased risk of poverty, but the risk varies significantly depending on severity of the disability. The poverty level is highest (56.1%) in cases where the disabled member receives an allowance as never having worked (i.e. is severely disabled), and is lowest (25.1%) among families, whose disabled member is a so called Level-3, Group-1 invalid, receiving an allowance associated with limited ability to work. It should be noted that the level of 25.1%

is even lower than the NOBUS poverty figure for all households. Pensioners may subjectively position themselves in the poverty group due to problems, which they currently experience with access to medical services.

5. Geographical location is the most important factor determining welfare inequality in Russia today (its significance increased in the period from 1992 to 2001)<sup>10</sup>. All other things being equal, the biggest contribution to general and extreme poverty comes from depressed regions and rural areas. The fact that stagnant poverty is also concentrated in such locations emphasizes the limited capacity of overall economic growth to overcome extreme forms of poverty. Targeted programs are the most effective way of dealing with such poverty but they need to be specially tailored to the scale, forms and causes of poverty in Russia.

### 1.3. STRATEGIES FOR POVERTY REDUCTION IN VARIOUS SOCIO-ECONOMIC DEVELOPMENT SCENARIOS

Whatever a country's macroeconomic conditions, measures for poverty alleviation always work in two directions:

- stimulating growth of economic activity and mobility of the ablebodied population to bring their families out of poverty;
- creating an effective system of support for socially vulnerable groups (the elderly, the disabled, families with a high dependency burden, families in a critical situation – refugees, etc.) and guaranteeing non discriminatory access to free or subsidized social services.

In Russia two key problems need to be solved before ablebodied people can escape from poverty by their own efforts: first, the number of workers with wages below the subsistence minimum needs to be reduced and, second,

legitimate employment needs to be expanded. Resources for increasing wages of low income workers, mainly employed in farming, construction, trade and the public sector, should come from sustainable economic growth and improvement of distributive relationships. Most experts, managers and politicians focus on the need to raise minimum wages to the level of the subsistence minimum. There is real opportunity for achieving that in Russia today, since numbers of people employed in the non market sector of the economy are declining and marketbased organization is expanding in traditionally public sectors of the economy.

Improvement of distribution relations is mainly a matter of reducing unofficial “flexible” forms of remuneration and reducing wage differentiation within and between sectors.

More targeted social aid and increase of allowances and subsidies for the poor can also help socially vulnerable groups to escape poverty. This part of the general poverty alleviation strategy contributes directly to implementation of the Millennium Development Goals, but we stress again that such programs will not have a decisive impact on Russian poverty incidence, and their key objective is to reduce the depth of poverty and eradicate extreme poverty.

Russia currently operates the following targeted social programs:

- Housing subsidies for the poor, which benefited 15.2% of all Russian families in 2003 and used 30.7 billion rubles of financing.
- Monthly children’s allowances for poor families, which were given to 63.9% of total children in the relevant age group in 2003.
- Targeted allowances for the poor, provided under the Federal Law “On State Social Assistance” and under various regional legislation.

How the targeting principle is realized depends on the general social policy context, but assistance should be based on the following system of social preferences: the best option is to be in paid employment; if that is impossible, to enroll in employment programs; if that is impossible (due to absence of such programs, poor health, disabled dependents, etc.), to enroll in a targeted social aid program. Depending on the relative benefits offered by employment, participation in public (temporary) works and target social aid programs, barriers should be built to restrict access to the latter. That can be achieved either by varying the poverty criterion, which decides access to aid programs, or by prohibiting access to targeted social aid for certain categories of people and households (e.g. for the ablebodied).

The Medium term Program for Socio-Economic Development of the Russian Federation (2005-2008) considers two possible scenarios for economic development. **The base scenario** reflects current trends in economic competitiveness and efficiency and does not envisage implementation of any new large scale national strategies or projects. However, it assumes growth of real per-capita income, wages and pensions. Under this scenario the average wage should reach 320% of the subsistence minimum for the ablebodied population by 2008, compared with 262% in 2004, while pensions should rise to 128% from 108%.

Government forecasts do not consider processes in the labor market and employment, or developments of income differentiation. Labor remuneration and employment levels are currently balanced at relatively low levels of remuneration. Any changes in remuneration will entail changes in employment levels, and the balance of losses and gains will not necessarily be to the benefit of the poor.

The evolutionary nature of changes in economic institutions makes rapid increase of the incomes of poorly paid and needy members of society unlikely. It is also a fact that Russia's raw materials economy stimulates inequality, so that fairer distribution of income is difficult to achieve. An inertial development scenario is bound to mean increase in the price of housing and utilities, education and healthcare for consumers of these goods. The outcome may even be an increase in poverty. Persistence of high inequality and poor conditions for creation of medium- and highly-paid jobs effectively block development of efficient target programs for those in extreme poverty, since less poor and better educated strata of society will ensure that they obtain priority access to social aid.

This situation is aggravated by a peculiar feature of the Russian social protection system – an extended social support system for certain categories of the population who are not poor. Modernization of the benefit system has not increased access of the genuinely poor to social support programs. Indeed, this reform has actually widened the gap between the problems of the poor and the priorities of social protection.

The Ministry of Economic Development and Trade believes that substantial poverty reduction (to 12% in 2008) is possible under the base scenario, but such an outcome looks unlikely in a situation of over-optimistic forecasts for the consumer price index (clear in 2005) and disregard of income differentiation trends. Efforts to stimulate the most efficient centers of economic growth are likely to increase inequality instead of reducing poverty.

The Medium range Program also considers an innovationintensive scenario based on major structural shifts towards hitech and information sectors of the economy with reduced dependence on exports of oil & gas

and other raw materials. But income forecasts under this scenario differ little from the base scenario: the difference is between 38.4% increase of real wages from 2004 to 2008 under the base scenario and 45% increase under the innovation scenario. Real incomes would grow by 33.9% or 40.4% respectively.

**If we refer Russia to the second group of countries, with a USD 2.15 poverty line, the poor are those with monthly expenditures below 775 rubles (6-7% of the population), if Russia is given a poverty line of USD 4.3 the poor are those with monthly spending below 1550 rubles (30-33% of the population).**

The innovation scenario is supposed to reduce poverty to 10.2%. We do not want to judge the feasibility of implementing the innovation scenario, but we would say that it makes measures to raise living standards and achievement of goals for living standards look more realistic: it calls for investment in sectors, which are decisive for poverty levels, countering inequality by encouraging a form of economic growth, which stimulates incomes of middle and low income social strata. The innovation scenario also includes measures to reduce interregional differences, which will also reduce inequality.

We would stress that the MDG tasks of reducing and eradicating extreme poverty do not figure in Russian statistical monitoring, action programs or development scenarios. That partly reflects confidence that hunger and extremely low living standards are not a problem in Russia.

The findings, which we have referred to, do not fully confirm that and suggest that the problem is not automatically solved by economic growth. But our analysis also suggests that Russia will be able to cope with

## Chapter 1

extreme forms of poverty among nonmarginal groups of the population in the period up to 2015. The key instrument for that purpose would be a guaranteed minimum income for both the employed and those unfit to work. Its level would be below the applicable sub-

**The 2005 reform of benefits in kind (based on replacement of such benefits by cash allowances) shifted the emphasis of social policy further towards nonpoor groups, since the poor had limited access to such benefits, and high costs of the reform have left scant resources available for programs targeting the poor.**

sistence minimum, but not lower than USD 2.15 a day, converted into rubles by PPP linked to the consumption structure of the poorest social strata.

Hence, assuming the innovation-intensive development scenario and a guaranteed minimal income level for the poorest members of society, Russia should be able to achieve the following results by way of poverty alleviation:

- halving the level and depth of poverty;
- eradicating extreme forms of poverty.

The system of indicators describing progress in attaining this goal and dynamics of their values up to 2015 are presented in Appendix 1.1.

### 1.4. DEVELOPMENT OF OBJECTIVE INDICATORS FOR POVERTY MONITORING

If eradication of extreme poverty and alleviation of general poverty are to be national priorities, the Russian poverty monitoring system needs indicators, which can measure the level, depth, profile and causes of pover-

ty. The present system of poverty indicators is focused on general trends, without linkage to current policy measures or assessment of their efficiency. Adapting poverty monitoring to political tasks requires changes in:

- organization of poverty data sources (most importantly, modernization of the household budget survey network and creation of procedures for monitoring income at the household level);
- methods used to calculate existing indicators (income deficit, poverty profile, general inequality measurement and construction of the model frequency series by income).
- the system of indicators (analysis of poverty data should start to use the separate components of poverty indices).

A list of proposed indicators and their descriptions are given in Appendix 1.2.

### 1.5. CONCLUSIONS AND RECOMMENDATIONS

Viewing Russian poverty dynamics and socio-economic policy from the perspective of progress in attainment of the Millennium Development Goals, it is clear that the Russian national poverty concept is far removed from the concept of extreme poverty, whose alleviation the world community is focusing on. The Russian poverty standard is much higher: even the World Bank's absolute poverty line for developed countries (USD 4.3 dollars a day in terms of PPP) is only 60% of the Russian official subsistence minimum. This result suggests that extreme forms of poverty are not a problem for Russia, and Russia may be positioned as an international donor rather than recipient in efforts to resolve this issue.

This is supported by the fact that numbers of the poor in Russia have been dimin-



ishing since 2000. Growth of real wages and pensions has lifted people who were previously just below the poverty line out of poverty. Most of these people are families of the working poor (the largest group with incomes below the subsistence minimum in Russia) and pensioners. Further reduction of poverty among workers should enable Russia to further reduce the number of people below the poverty line.

**E**xremely poor groups, who are the focus of MDG activities, are in a minority among Russia's poor, representing only 3-5% of the total population living in households. However, this level ought to be high enough to provoke government concern. It is particularly important to stress that many of the Russian families in extreme poverty are families with children. Underinvestment in the younger generation will put barriers on the road to successful growth. It is therefore essential, first, that extreme poverty should be made an object of statistical observation in the framework of poverty monitoring and, second, that social policy measures should be implemented to eradicate such extreme forms of poverty. The limited incidence of extreme poverty suggests that this social challenge is well within available Russian budgetary and economic capacities. The key problem is that institutions responsible for provision of resources to extremely poor groups may be unable to cope with the situation on their own. It is also important that social support should be accompanied by measures of social control and responsibility on the part of recipients.

**A**part from monetary poverty, Russia has evolved new forms of poverty manifested in limited access to education, healthcare and decent housing. The poverty profile linked to these indicators suggests that pensioners are among high risk groups.

#### Box 1.1. Poverty measurement in Russia

The purpose of poverty measurement is to appraise the efficiency of strategies used to combat it. That depends on methods of calculation, which ensure impartiality and integrity of data sources.

Distribution of incomes and goods is more unequal in modern Russia than in the USSR, and a poor stratum has developed, which exerts substantial influence on state social programs. Implementation of poverty relief measures is complicated by very uneven distribution of disadvantaged groups across the country and peculiarities of such groups in certain regions.

People whose income is below the value of a basket of goods and services, calculated on the basis of a minimum national consumption standard, are classed as poor. This approach uses a concept of absolute poverty, by which the poor are those people who cannot secure consumption at a level required to sustain health and support labor activity. Another type of definition (relative poverty) defines the poor as those who have the lowest incomes in society.

Some countries have legislative provisions which decide whether a specific person or household should be categorized as poor. By generalizing data on the number of such people, who receive assistance via state social programs, we identify the "visible", officially registered poor. But design of an overall policy on poverty must also take account of people who have been unable to prove their poverty to social security organizations. That requires statistical evaluation of the incidence, level and depth of poverty by processing data collected from households in government surveys.

Statistics agencies in some countries also use so-called deprivation methodology, which defines people as poor if they are deprived of wealth items that set the consumption standard for that society. Assessments of underconsumption are based on comparison with certain standards, which are relative rather than absolute, as they depend on temporal, national and territorial features. Such research considers: availability of food and clothing suited to natural and climatic conditions; healthcare and education; quality of housing; life and property security; employment and labor conditions; communications; etc. People who lack such amenities are defined as poor. Russia is currently carrying out experiments to define a poverty index based on specific wants. The index will be used in official statistics, taking account of recommendations of international organizations, best foreign experience and Russian conditions.

The World Bank has split all countries into three groups for purposes of international poverty comparisons. The poverty line for the first group has been set at percapita daily spending of USD 1 by PPP. For the second group the figure is USD 2.15 and for the third USD 4.3.

In Russia people are officially classed as poor if their incomes are below the poverty line, defined as the income necessary to buy a scientifically based minimal set of goods and services for supporting human activity. This allows construction of a poverty line for whole households, based on subsistence minimums of all its members (consumer baskets determined by the consumer's sex and age).

In the fourth quarter of 2004 official statistics found 25.5 million people in Russia, or 17.8% of the population, to be poor. Rural areas are most affected by poverty: 60% of all poor people live in the countryside. There is a high percentage of families with children among the poor: more than half of all twoparent families with 1 or 2 children are poor, and three quarters of all twoparent families with 3 or more children. The incidence of poverty among families with less than two parents and with 3 or more children is 85%. Two thirds of all persons temporarily out of work and more than half of those not working due to a disability are members of poor families. However, ablebodied people who work but cannot earn enough to support themselves and their dependents also make up a significant part of Russia's poor.

The level of poverty in Russia is notably higher than in developed countries and in Central Europe. In Japan the share of people with incomes below the poverty line is 4%, in Finland 4.9%, in the Netherlands 6.1%, and in Sweden 6.7%. However, it is surprising to find that only 6% of Chinese are officially poor, while in Germany the figure is 9.1%, in Italy 11.2%, and in USA 13.3%. Clearly official poverty statistics depend directly on the standards, which national legislation provide for use by national statistics services. That is also demonstrated by comparison between findings using the World Bank poverty criterion of USD 1 percapita spending by PPP and national statistics. In most countries (including Russia) national poverty level appraisals are higher than those based on the USD 1 criterion. In the late 1990s in Chile the share of the poor, based on the official poverty line, was 20.5%, while the share of people with daily expenditures below USD 1 was 15%. The respective figures in Tanzania were 51.1% and 19.9%, in Morocco 19% and 1.1%, in Brazil 17.4% and 5.1%, in Bangladesh 35.5% and 29.1%, in Indonesia 20.3% and 15.2%, in Kirghizia 54.9% and 18.9%, and in

## Chapter 1

Pakistan 34% and 31%. However, in India, Nigeria and China poverty levels by national measurements is lower than using the World Bank criterion.

If we use the poverty line of USD 1 by PPP, then the poor in Russia will be people whose daily expenditure in 2004 was about 12 rubles (or 360 rubles a month) when the official average annual exchange rate was 28.8 rubles per USD. If we refer Russia to the second group of countries, with a USD 2.15 poverty line, the poor are those with monthly expenditures below 775 rubles (6-7% of the population), if Russia is given a poverty line of USD 4.3 the poor are those with monthly spending below 1550 rubles (30-33% of the population). For comparison, the official poverty line in the fourth quarter of 2004 approved by a Resolution of the Government of the Russian Federation No. 105 of March 2, 2005, was 2451 rubles.

Obviously, poverty cannot be comprehensively described as a socio-economic phenomenon by a single indicator. A system of indicators is needed, which should include:

- an absolute approach, whereby the poor are those people and households whose incomes and consumption are below the standard statutory minimum income or the minimum consumption level;
- a relative approach, whereby the poor are those people and households whose incomes are below the average for the country;
- a subjective approach, whereby the poor are those who view their own material situation as one of poverty;
- a deprivation approach, whereby the poor are those denied access to a standard socially recognized set of amenities and services;
- an international approach, whereby the poor are those who spend no more than USD 1 (2.15 or 4.3 dollars) per day in PPP terms.

A.E. Surinov

Improved access to decent services and housing will assist poverty reduction.

General economic growth has become the key motor for positive poverty dynamics in Russia, and this has encouraged the government to leave resource redistribution to extremely poor or vulner-

able groups out of its socio-economic development priorities. Russia has almost no programs addressed exclusively to those in extreme poverty, so the situation of the extremely poor is not improving. The 2005 reform of benefits in kind (based on replacement of such benefits by cash allowances) shifted the emphasis of social policy further towards nonpoor groups, since the poor had limited access to such benefits, and high costs of the reform have left scant resources available for programs targeting the poor.

The Government's scenarios for socio-economic growth, reviewed in this Chapter, are also mostly oriented to improving living standards of people on medium incomes and those living near the poverty line. Creation and development of real targeted programs for the extremely poor should be given a place in Russian mid range development programs and budgeting. Otherwise, headway in general poverty indicators in Russia may be accompanied by a reverse trend in extreme forms of poverty.

<sup>1</sup> The dollar is converted into the ruble at the purchase power parity (PPP) exchange rate. In 2000 purchase power parity (ruble/US dollar) was 7.28 rubles per dollar, and in 2002 it was 9.48 rubles per dollar.

<sup>2</sup> Turning reforms to the benefit of all and each one: poverty and inequality in Europe and Central Asia. World Bank, Washington 2001, p. 31.

<sup>3</sup> In 2003 under the sponsorship of the World Bank the Russian Statistics Agency carried out a "Natsional'noe obsledovaniye blagosostoyaniya naseleniya i ego uchastiya v sotsialnykh programmakh" (NOBUS in the Russian acronym) of 44,500 respondent households in order to collect information on employment and household incomes and spending. Analysis of these data and review of published official statistics allow detailed analysis of the level, profile, causes and factors of poverty in Russia.

<sup>4</sup> FAO uses the calorific values of daily food consumption to divide countries into categories with sufficient or insufficient levels of nourishment – the criterion for undernourishment is daily consumption below 2400 kcal per capita.

<sup>5</sup> A. Baturin, M. Lokshin. Issledovaniye komponenta pitaniya pri analize bednosti i obosnovaniye granitsy bednosti. Moscow, 2003, World Bank Report, p. 10.

<sup>6</sup> Baturin A.K., Tutelyan V.A., Ovcharova L.N. et al. Pitaniye i zdorov'e v bednykh sem'yakh. Ministry of Labor and Social Development et al. – M.: Prosvesheniye, 2002. - 304 p.

<sup>7</sup> The World Bank Group. Health, Nutrition & Population. Washington D.C., 1997, 97 p.

<sup>8</sup> Sources:

1. Russia in Figures. 2004: Digest of Statistics/ Federal State Statistics Service – M., 2004. – pp. 99-100.

2. Sotsial'noe polozheniye i uroven' zhizni naseleniya Rossii: Digest of Statistics / Goskomstat of Russia – M., 2001. – p. 24.

3. Sotsial'noe polozheniye i uroven' zhizni naseleniya Rossii: Digest of Statistics / Goskomstat of Russia – M., 1997. – p. 9.

<sup>9</sup> Available resources include all cash proceeds.

<sup>10</sup> Vstupleniye Rossii v WTO: Mnimye i realnye sotsial'nye posledstviya. NISP, - M., 2004 , p. 58

## Appendix 1.1

**Table. MDG Goal 1. Eradicate extreme poverty and hunger**

MDG Target	MDG Target for Russia	Progress indicators	Progress indicators for Russia	Current indicator value	Target indicator for 2015	
Target 1. Halve by 2015 the proportion of people living in extreme poverty	Target 1. Halve by 2015 the general poverty level and eradicate extreme poverty among non-marginal groups of population	1. Proportion of population below USD 1 per day	1.1 Proportion of people whose income is below the subsistence level	20.4%	10%	
			1.2 Proportion of households whose income is below USD 2.5 per day	5%	n/a	
		2. Poverty gap ratio: mean percentage distance below USD 1 per day	2. Poverty gap ratio, % of the subsistence level	29%	15%	
			3. Share of poorest quintile (20%) in national consumption	3. Share of poorest quintile (20%) in national consumption	5.6%	6.1%
Target 2. Halve by 2015 the proportion of people who suffer from hunger	Target 2. Provide access to food for the poor	4. Prevalence of underweight children under five years of age	4. Prevalence of underweight children under 5 years of age due to lack of financial resources	5-7%	n/a	
			5. Proportion of population below minimum level of dietary energy consumption.	5.1. Proportion of population below 1500 calories of daily energy consumption	1 - 3%	n/a
				5.2 Proportion of population below 2237 calories of daily energy consumption	10 -15%	5-10%

### OBJECTIVELY MEASURED INDICATORS SHOULD INCLUDE:

- Cost estimate of minimum consumer budget. This is already used in managerial and statistical practice and is viewed as a general poverty indicator. Although many experts and politicians argue for the need to revise the methodology of assessing the subsistence minimum, such revision does not seem practicable until minimum wage and significant social benefits are raised to the indicated level. Otherwise, economic weapons for fighting poverty will come into collision with methodological changes, stimulating growth of poverty.
- Extreme poverty line. This indicator is a key index measuring progress in attainment of the Millennium Development Goals, but it is not included in official Russian measures of poverty. Regional authorities generally use a surrogate equal to half of the minimum consumer basket for the purposes of targeted social programs. For Russian conditions we suggest for the minimum extreme poverty criterion should be daily spending of USD 2.15 converted to rubles on PPP basis.
- **Distribution series by income, expenditure and available resources.** These instruments of analysis are already used in the present system of statistically observed indicators. However, the results of simulation on the basis of macroeconomic assessments should be harmonized with results of the Household Budget Survey (HBS), which will require adjustment of the distribution series by income and a system for collecting and weighting the HBS data.
- **Structural characteristics of incomes and expenses in aggregate form and with breakdown by decile and socio-demographic groups.** Implementation of these indicators within the system of state poverty monitoring will require serious changes in the current system of poverty data sources. In the first place, a process of income monitoring has to be set up at the household level, since lack of such information prevents us from understanding what types of income deficiencies play the biggest role in creating poverty groups. At present, this problem is partially addressed by using data from Russian Monitoring of Economy and Health (RMEH) and NOBUS. However, usefulness of RMEH is limited by its limited sample size and NOBUS is a snapshot observation, whose data will quickly become obsolete.
- Aggregated total characteristics of income differentiation, including **decile fund differentiation factor (ratio of incomes of bottom 10% to incomes of top 10%) and Gini coefficient.** Accuracy of their measurement could be improved by a set of measures to improve their statistical base, i.e. by modernization of the HBS concept.
- **Indices of statistical and dynamic decomposition of inequality (Teil indices).** This inequality decomposition instrument is not yet applied in poverty analysis, although it would allow identification of the most significant factors of inequality and poverty. Use of Teil indices for poverty analysis is currently impossible because analysts have no access to primary data bases, while statistics agencies are not familiar with the methodology.
- **Index of prevalence of general and extreme poverty measured as the share of population with incomes below the subsistence minimum.** The methodology used in its calculation is affected by the same limitations, which affect measurement of incomes, spending and available resources.
- **Income deficit (extra income, which the**

**poor would need in order to escape poverty) on the macroeconomic and individual level.** In the former case the indicator is calculated as a percentage of total household income, in the latter case as a percentage of the percapita subsistence minimum. Deficit of individual income is not yet a part of official statistical poverty monitoring. Our analysis suggests that there are no serious technical obstacles to its realization.

- Poverty profile indicators which allow appraisal of **poverty structure and risks of falling below the poverty line** for certain sociodemographic groups. The breakdown data allow assessment of poverty profiles for regions, settlement types, gender and demographic factors. Poverty profile analysis helps to identify vulnerable groups and key causes of poverty.



# Russian education in the context of the UN MDGs: current situation, problems, and perspectives

## 2.1. RUSSIAN EDUCATION AND THE MILLENNIUM DEVELOPMENT GOALS

Education is a key resource for development and improvement of the well-being of people, society and the country. It is natural, therefore, that matters of education (MDG Goal 2, **Achieve universal primary education**) are second only to halving extreme poverty and hunger in the Millennium Development agenda, and are also included in other Goals, such as MDG Goal 3, **Promote gender equality and empower women**, which aims to ensure that all boys and girls can complete a full course of primary and secondary education and to promote gender equality in literacy.

Russia recognizes quality of education and its adequacy for modern needs as priorities for improving competitiveness of the economy and people's well-being and quality of life. The first of the priority targets in the country's Medium-term Program for Socio-economic Development states: "It is important that efforts to create a favorable environment for competitiveness should concentrate on reform of education. Russia should maintain a higher level of education compared to that typical in countries with comparable levels of social and economic development. The whole system of education, from pre-school to higher professional level, must be reformed by improving educational programs and standards and adapting them better to labor market needs."<sup>1</sup> In this connection, it seems impor-

tant to analyze the Russian system of education in terms of the Goals proclaimed in the UN Millennium Declaration (Resolution adopted at the 55th UN Assembly on 18 September, 2000) and try to answer several questions, namely: how relevant are the Millennium Goals for Russia, to what extent have they already been achieved, and what priority targets should be set for Russian education in the spirit of the Millennium Goals?

### 2.1.1. RELEVANCE OF THE MDGs TO EDUCATION FOR RUSSIA

Formal analysis of the level of achievement of the Millennium Goals for education in Russia gives a reassuring picture, both in terms of participation in education and gender equality at all levels of education.

After a decline in the first half of the 1990s enrolment of children of the appropriate age in primary education has grown steadily to reach 95% in 2004. The difference between primary education enrollment ratios for boys and girls is less than 1% and within the range of statistical error.

Gender equity in access to secondary education, referred to in Goal 3, has also been achieved: there is actually no difference in education enrolment levels for boys and girls at this level. Moreover, general educational indicators are at a high level. Russia is one of best educated nations in the world: there are only two or three



countries with lower shares of people aged 25-64, who have received only primary education, and the share of people in Russia with tertiary education is the highest in the world, the difference being even greater for women.

The share of young people in the relevant age group who completed a full course of secondary education in 2002 was not only higher than the world average but also superior to levels in most developed countries. Again, girls are in advance of boys.

Does this entail that Russia has no problems with achievement of the Millennium Goals? An answer to that question requires analysis of the situation with categories of children, who are not enrolled in education. There are two groups of causes that underlie such exclusion (Box 2.1):

- Health
- Social factors

### 2.1.2. DISPARITY IN ACCESS TO EDUCATION

As stated above, less than one in 20 children in Russia are excluded from primary education, and general indicators suggest that Russia is very successful in achieving basic educational goals. Universal primary education and elimination of disparity at all levels of education are at comparable levels in Russia and in developed countries, and trends are positive.

However, there are factors and tendencies, which prevent us concluding that Russia has fully achieved the Millennium Goals for education in spirit rather than in form.

First, there are issues concerning participation in pre-school education and inequity of access to this level of education on various

grounds. Although the pre-school education enrolment rate in Russia is comparable with that in developed countries in absolute terms, there are some unsatisfactory aspects. In particular:

Although the pre-school education enrolment rate in Russia is comparable with that in developed countries in absolute terms, there are some unsatisfactory aspects. In particular:

a. In an environment of ever increasing social differentiation in Russia and in view of the important role of education for social mobility, it is very important that starting conditions for all children should be equal to the greatest possible extent, regardless of the level of well-being of their families. Pre-

#### Box 2.1. Problems of educational exclusion of some groups of children

Access to education for children with disabilities and special health needs is an absolute indicator of the economic and moral state of a society. Available data for Russia do not allow reliable calculations because, although education statistics give data on numbers of children with special needs enrolled in education, there are no data on the overall number of such children in the country. Health statistics provide data on the total number of handicapped children but cannot answer the question of how many of them need special teaching programs or special educational institutions and how many of them are capable of integration in the education system<sup>2</sup>. Furthermore, statistical data for education and health are aggregated by different age groups, making the task of their analysis quite a challenge. Rough estimates based on comparative analysis of the data provided by the Ministry of Health and the Ministry of Education suggest that about 50% of handicapped children aged 7-15 are not enrolled in education, including those who cannot be taught.

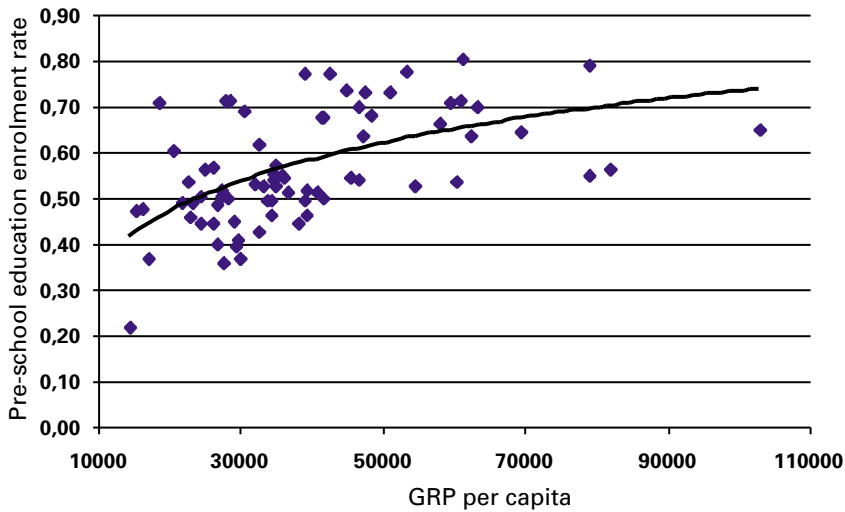
The only available data on isolation of children with special needs enrolled in education concerns the proportion of handicapped children who attend special classes within ordinary schools. In 2000-2002, this proportion increased from 43% to 45% of the total number of children with special needs having access to education. This is, undoubtedly, an encouraging tendency, although this figure is much lower than in developed countries. However, there are no data on how many children with special needs are taught together with healthy children.

Official statistics on children who are excluded from education due to social factors (homeless children, children from disadvantaged families, orphans and children left without care) are even less reliable. Figures provided by different studies vary in a wide range from several tens of thousands to several millions. According to a reasonably accurate estimate based on data of the last population census and age-specific coverage by all kinds of education, 709,000 children aged 7-15, or 4% of this population group, were excluded from education in 2003. In any case, the problem does exist. Apparently, the proportion of children excluded from education is declining very slowly, if at all.

The data of a one-off study by the Ministry of Education and the Federal State Statistics Service in 2002 offer a more favorable picture. But even these lower estimates<sup>3</sup> emphasized a serious aspect of the problem, which is regional differentiation in numbers of children without access to education. The proportion of such children varies between regions from less than one per thousand to nearly one per hundred. There is quite a close correlation between this indicator and the level of social and economic development in a region and, what is even more important, the level of personal incomes in a region. The latter suggests that exclusion from education is mainly due to social factors.

## Chapter 2

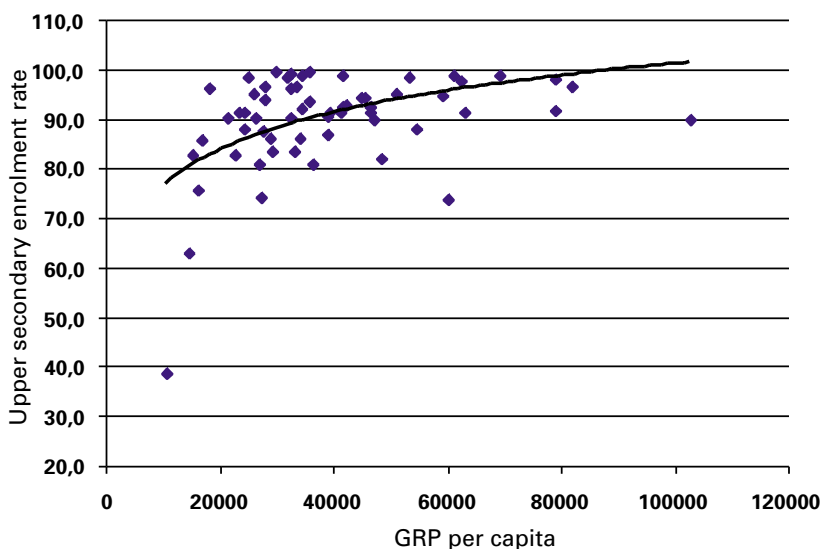
**Figure 2.1. Pre-school enrolment of children aged 3-6 vs. social and economic development of regions**



school education is of decisive importance in this. Therefore, increased opportunities for pre-school education is a key tool in addressing the problem of social mobility and reducing the threat of social tension in society.

b. In Russia, only primary and lower-secondary education programs are compulsory, and their duration is shorter and the typical

**Figure 2.2. Participation in upper secondary education in regions of the Russian Federation vs. social and economic development in the regions**



starting age is higher than in developed countries. Therefore, pre-school education should be regarded as an important factor in promoting a higher overall level of education.

**A**nalysis by subjects (administrative regions) of the Russian Federation reveals considerable differences in participation in pre-school education resulting from inequalities in social and economic development of different regions (Figure 2.1). Pre-school education enrolment rates for children aged 3-6 vary from 21% (Dagestan) to 85% (Vologda region). The regional differences are even greater if only rural areas are taken into account.

**F**ailure to ensure equal pre-school education opportunities will further exacerbate inequality of starting conditions for children in economically backward regions, rural areas and disadvantaged children. It will tend to leave children inadequately prepared for school, unable to digest the school program and therefore unable to obtain a good education. (Box 2.2).

**T**he second factor, which suggests incomplete Russian compliance with the Millennium Goals for education, is regional differences in availability of good-quality secondary education. As in the pre-school case, there are considerable differences between regions as to participation in secondary education and resources allocated to it, the latter factor being decisive for the quality of education.

**R**egional differences in enrolment rates are observed at compulsory education levels (primary and lower secondary), and are even more apparent in upper secondary education (Figure 2.2).

**I**nter-regional differences in participation rates are aggravated by differences in resource allocation, leading to uneven quality of education. Comparative analysis of adjust-

ed public expenditures on education in different regions, excluding Moscow, in 2003 showed differences of nearly 3 times – from 3800 rubles per student in the Magadan region to 10,400 rubles in the Tyumen region.

In the absence of a national testing system, the only data allowing assessment of regional differentiation in education quality are results of the Uniform State Examination (USE). It should be pointed out that the USE system is still under trial. This tools and procedure of the USE have not yet matured, and a number of problems are still unresolved, so USE results can in no way be regarded as a full measure of education quality, particularly as applied to specific educational establishments. Nevertheless, the Uniform State Examination is a mass, independent and uniform knowledge assessment tool for all kinds of students, and is reliable enough to reveal general tendencies and features.

Analysis of USE results show that quality of educational services is closely related to the level of economic development and public expenditures on secondary education in a given region.<sup>4</sup> A comparative analysis by Federal Districts (FD) finds considerable differences in quality of educational services (Table 2.1 and Figure 2.3).

It is important to note that public spending on education, which, as we have seen, is a significant factor for education quality, does not depend on the level of economic development of a region. Levels of regional spending on education clearly depend on policy priorities of regional governments.

### 2.1.3. THE CONTENT OF EDUCATION, MODERN LIFE SKILLS AND THE LABOR MARKET

It is certainly true that education has intrinsic value. But it is equally certain that the

high priority give to education by the Millennium Development Goals is not only a tribute to its intrinsic value. Education is the most important factor enabling young people to adapt to the modern world, the basis for career success and the precondition for a healthy lifestyle, social mobility and overcoming poverty. It is therefore important to ascertain whether the content of Russian education meets the requirements of modern life. Many countries, including developed countries, are asking themselves the same question. A recent adult literacy survey in Canada has revealed that a significant proportion of adults classed as formally literate in the sense of knowing letters and being capable of put-

#### **Box 2.2. Monitoring data obtained during an experiment on improvement of structure and curricula of general secondary education, October, 2001**

Monitoring that covered 30,000 children in 61 of 89 Russian administrative regions showed that in general Russian children are prepared for school. *On average, the share of unprepared and inadequately prepared children were 2% and 7% respectively (varying from 0 to 30% depending on the region).* About 60% of children were rated as adequately prepared. The share of excellently prepared children was 35% (from 11 to 60% depending on the region).

Children were offered a number of tasks to test their ability for future acquisition of literacy and mathematics. These tasks were different from those used to check whether a child can read, write and count, i.e. whether he/she has knowledge and skills normally tested at school admittance, and which should be acquired during the first school year.

The diagnostic tests revealed the following:

1. Girls are ahead of boys in terms of preparedness for school. This difference is not large but is, unfortunately, significant (about 40% of girls and only 32% of boys were rated as excellently prepared for school).
2. The age of admittance to school (6, 7 or 8) is not a decisive factor for the level of preparedness.
3. Effectiveness of children's preparation for school is nearly equal regardless of where it is carried out – in a day-care center, family, school or "other place". No significant advantage of any mode of preparation over any other was found in the course of monitoring.
4. What skills first-grade children have. At school admittance, the overwhelming majority of children know most of the letters and the digits from 1 to 9 (5% fail these tests) and can count from 1 to 10 and down (5% cannot). Over two thirds can write letters, read words, and perform arithmetic operations with the numbers 1-10. More than half of children can read sentences and write words.

About 87% of children can communicate easily both with teachers and other children. A little more than 10% of first-grade children have significant communication difficulties.

Results of tests of the same children performed after two years of school were consistent with results of the pre-school preparedness tests, both in Moscow and Russia in general. *The group of children who were poorly prepared for school failed to catch up with their better prepared peers in the two first school years.* The number of children showing bad results in mathematical tests remained unchanged compared with the pre-school tests, and numbers who performed badly in Russian language and reading texts increased by 1.5 and 3 times, respectively.

**O.B. Loginova**

## Chapter 2

**Table 2.1. USE mean scores by federal districts**

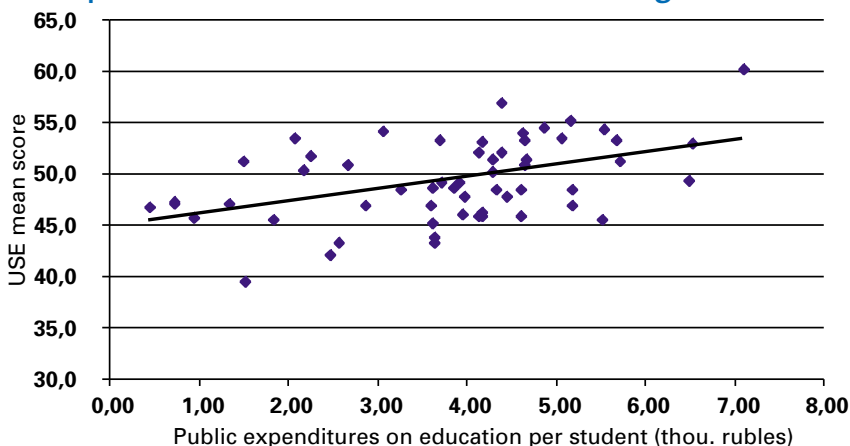
Federal District	USE mean score (Russian Language and Mathematics)	Educational expenditures per student (adjusted), thou. rub.	Rural population proportion, %	GRP per capita (adjusted) thou. rub.
Central FD	51.1	4.9	28	45.0
North-Western FD	52.0	4.7	24	43.8
Southern FD	46.0	3.7	41	33.0
Volga FD	51.4	4.6	31	40.7
Ural FD	49.1	4.7	30	64.9
Siberian FD	45.1	4.0	35	32.3
Far-Eastern FD	46.6	2.9	47	46.4

ting them together as words, cannot grasp what is written. When presented with standard two-paragraph instructions for use of aspirin, printed on an aspirin bottle, they were unable to answer the simple questions: how many pills can be taken daily, and who, and in what cases, should not take the pills.

*UNESCO Definition: "Literacy is the ability to read and write, with understanding, a short simple sentence about one's daily life"*

Such an instance emphasizes the importance of the content of education and the adequacy of education, even universal education, for making young people ready for life in a modern society, and providing a sound basis for success and well-being of both individuals and countries in the spirit of the Millennium Goals.

**Figure 2.3. Education quality vs. public expenditures on education in RF regions**



Participation of Russia in PISA and TIMSS<sup>5</sup> international surveys has offered insight as to the quality of Russian education compared with that in other countries. Even allowing for possible misinterpretation of results due to relativity of rating assessments and difficulties in making a comparison between countries with different social and cultural traditions, and different models and standards of education, results of recent studies<sup>6</sup> provoked concern among experts and education authorities. In particular, testing of 15-year old schoolchildren in 40 countries in 2003 placed Russian students 29th to 31st in Mathematics (vs. 21st to 25th out of 32 countries in 2000), 20th to 30th in Natural Sciences (vs. 26th to 29th) and 25th to 30th in a skill called "Competency in Problem Solving". Performance of 23% of Russian students in the latter skill was rated as unsatisfactory for their age, versus 5-10% in leading countries.

In 2003, Russian schoolchildren were placed 32nd to 34th out of 40 countries in literate reading (vs. 27th to 29th out of 32 countries in 2000). These results cause great concern, firstly because of their low absolute values and, secondly, because of gradual year-to-year decline. According to PISA-2003 testing results, only 36% of Russian students aged 15 appeared to have literate reading skills adequate for successful social adaptation, and most of them (about a quarter of Russian schoolchildren) could only perform tasks with a medium level of complexity. Only 2% of the Russian students had high-level literate reading skills, i.e. showed ability to understand intricate texts, make a critical review of the information provided, formulate hypotheses, reach conclusions, etc.

Tenth-grade schoolchildren attending comprehensive schools showed better results in all testing categories than their counterparts

attending rural country or primary vocational schools. Place of residence was also a factor influencing the test results (Figure 2.4).

The results here show that no concept has been developed and implemented to date, which could install new priorities in educational programs to match the needs of a post-industrial, information-based society while preserving the traditions and strengths of the Russian educational system. Russian school education is good at providing children with extensive knowledge (as confirmed by various research), but does not give them the necessary skills to perform tasks away from the classroom. Russian school-leavers are much worse prepared to live in the real world than their counterparts in developed countries.

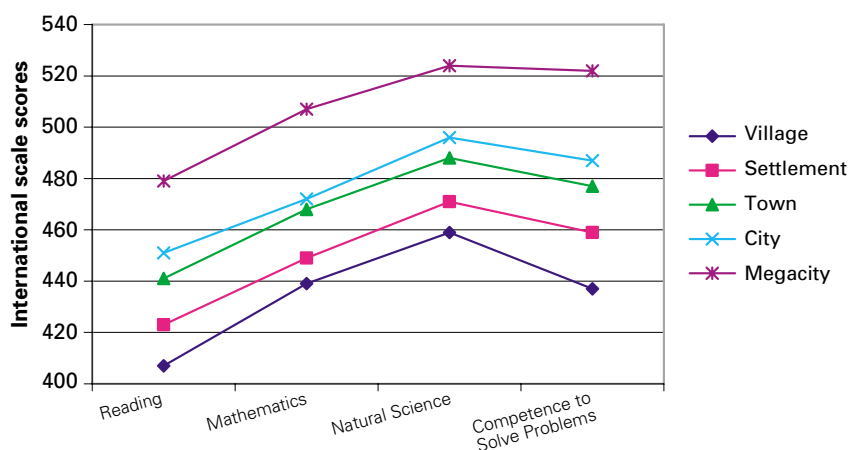
Adequacy of vocational education for the needs of modern society is a central theme in the *Education Development Strategy of the Russian Federation up to 2010*. The problem, which is addressed, is that a considerable proportion of graduates do not work in the profession, for which they were trained, and/or do jobs for which they are over-qualified (at least, by formal measures). The issue of quality of higher education is described below (Box 2.3).

## 2.2. ASSESSMENT OF THE OUTLOOK

Two possible scenarios seem relevant for assessment of the near-term outlook for Russian education through the prism of the MDGs:

- a pessimistic scenario, with cosmetic measures (half-measures) instead of real reform, allowing official declarations that reform has been implemented without risking conflict with the conservative part of the professional community or social protest; and
- an optimistic scenario, that is implementa-

Figure 2.4. Testing results of Russian schoolchildren by place of residence



### Box 2.3. Higher education and the labor market

There has been a major boom in higher education in Russia since the mid-1990s. The number of graduates increased from 401,600 in 1995 to 972,700 in 2003. In other words, the number of bachelors, specialists and masters graduating annually increased 2.4-fold over an 8-year period. The quick growth has roused concerns among education authorities and experts, which can be formulated as follows.

#### 1) Relative excess of people with higher education

According to results of the recent population census, the proportion of people with higher and postgraduate education in the total population aged 25 to 64 (this age range is traditionally used in international comparative studies) is 20.6%. A similar picture is observed in a number of developed countries such as Australia (20.0%), Japan (20.1%), Canada (21.0%), and the Netherlands (21.9%). However, there are at least three countries with a higher proportion of people, who have completed higher and postgraduate education. These are Israel (25.9%), Norway (28.4%) and the USA (29.0%).<sup>5</sup> So it would be unreasonable to claim that Russia is producing too many people with higher education.

#### 2) Quality of higher education

In recent years, the quality of Russian higher education has been of paramount concern to both educational authorities and experts.<sup>7</sup> However, quality control in higher education by the Federal Service for Education and Science Surveillance (Rosobrnadzor) and the Federal Education Agency (Rosobrazovanie) is mostly limited to reviewing the content of curricula, results of state exams and assessing material and technical resources of higher education establishments, i.e. checking compliance with license requirements.<sup>8</sup> In-house control by higher education institutions is quite common, but is limited to checking compliance with formal criteria of Rosobrazovanie and carrying out surveys of educators and students in a given establishment. Finally, questioning of employers has been applied recently as a method for assessing higher education quality. But only selected establishments at regional and municipal levels have been subject to this type of assessment.<sup>9</sup>

In general, Russia currently lacks a reliable system for assessing the quality of higher education. This is partly due to a shortage of members of the professional community who can be assigned to assessment work, and partly to lack of a system of indicators for international comparison (unlike quality of Russian school education, which has been assessed over several years as part of the European PISA project). Only a few indirect indicators can be applied at the aggregated level.

One applicable indicator is the proportion of part-time students (signed up to evening courses, distance and non-residency studies departments) in the total number of graduates. This proportion has been steadily rising, from 34.7% in 1993 to 50.1% in 2003. Another indirect indicator of higher education quality is the number of foreign students from outside the CIS. This indicator has been in steady decline, from 34,100 in 1993 to 17,300 in 2004. These figures are presumably indicative of a deterioration of Russian education quality (although reduction in the number of foreign students may be partly explained by apparent growth of xenophobia, racism and chauvinism in Russian society).



### 3) Professional structure of education

Another subject of debate is the professional structure of higher education and, in particular, rapid increase in the proportion of Russian graduates with diplomas in social and humanitarian sciences.<sup>10</sup> In 2002, this proportion was 63.9%. But this is still comparable or even lower than figures for a number of developed countries such as France (71.8%), Israel (66.7%), the USA (65.2%), the UK (63.9%), Ireland (63.7%), Australia (62.8%), New Zealand (62.3%), Iceland (61.7%) and Belgium (60.8%).<sup>11</sup>

The proportion of graduates with diplomas in social and humanitarian sciences grew further in 2003 to 66.4%. The figure does not yet seem excessive, particularly in view of "underproduction" of specialists in social and humanitarian sciences over many years (the proportion of such graduates in 1993 was just 36.8%). Nevertheless, there are real problems and imbalance in graduate profiles, as reflected in industry distribution of graduates.

### 4) Structure of employment of graduates

In total, 4,804,000 people graduated from Russian higher educational establishments from 1999 to 2004. In this 5-year period, the total number of graduates in the population group aged 15-72 increased by 4,255,000 (from 16,282,000 in October 1998, to 20,537,000 in November 2004) while the number of employed graduates increased by 4,631,000. Most of this increment entered trade, public catering, logistics and procurement (17.1%), education (15.4%), industrial production (14.2%), public administration (11.7%), public health, social welfare, physical education and sport, and recreation and tourism (9.2%). These industries took up 67.5% of the increment.

The proportion of graduates in the employed population group aged 15-72 increased by 4.6 percentage points (p.p.) (from 20.4 to 24.9%) over the 5-year period. The growth was more pronounced in such sectors as finance, credit, insurance and social protection (17.4 p.p. of the increment), culture and art (7.4 p.p.), public administration (6.5 p.p.), and education (6.4 p.p.). In late-1998, science and related branches were the only sectors of the economy where more than 50% of employees had higher education diplomas. In late-2004, however, this level was passed in three sectors: science and related branches (63.9%), finance, credit, insurance and pension coverage (58.3%), and education (50.1%). As before, the proportions of graduates are lowest among those employed in agriculture and forestry (6.9%), housing and communal services and non-producing consumer services (12.1%).

**Prof. A.V. Poletaev**

tion of a real educational reform as envisaged in the Medium-term Strategy of Socio-economic Development and the Education Development Strategy of the Russian Federation up to 2010.

**T**he pessimistic scenario seems quite probable, due not so much to lack of funding as to the opposition of the professional community (from school teachers and administrators to heads of higher institutions supported by a certain part of the State Duma). Some measures would be rejected and others would be implemented in truncated form, the point of the exercise being to justify official reports that reform has been completed without actually changing anything. This scenario could have critical consequences for renewal of the content of education, both general and professional, and, to a lesser extent, for greater participation in education by vulnerable groups.

**T**he problem of financial support for development of education deserves special attention. Changes in education financing due to enactment of the law on assignment of authorities between different levels of government<sup>12</sup> are of great importance. Responsibility for financing primary and secondary vocational education has been transferred to regional and municipal governments in addition to their responsibilities for financing pre-school and secondary education. If additional fiscal sources are not provided for regional and local budgets, and if the scope and mechanism of financial support to depressive regions is not reviewed, Russia will risk widening gaps between regions in terms of both economic development and people's well-being. Regions, whose budgets depend on subsidies organized at the federal level (such regions are in the majority), will spend resources earmarked for education on current expenses (maintenance of buildings and wage payment) and will concentrate their financial resources on compulsory education, i.e. primary and lower secondary education.

**I**t looks certain that implementation of the resource provision standards set out in the **Education Development Strategy** will lead to reduction of regional budget allocations for pre-school, primary and secondary vocational education (non-compulsory programs). Funding of education development will also be cut. Modernizing the content of education also requires major spending, and although development of new standards and their methodological support will be financed by the federal budget, funding of teacher retraining, replacement of textbooks, acquisition of educational equipment and materials, etc., will remain the responsibility of regional authorities. Such a burden will be unbearable for regional budgets, let alone local budgets, without significant federal support. In these conditions, it is natural to expect reduction of allocations for vocational education (primary and



secondary) and of wages in the general education sector. This, in turn, will inevitably result in worsening of teacher staff quality and, consequently, deterioration in the quality of education. Many young people will be unable to obtain vocational education close to home and will have to leave for other, wealthier regions. The answer to the question whether the latter regions will agree to fund the education of people from elsewhere, or whether the newcomers will have to pay for their own education, seems quite clear, particularly in view of the situation with medical insurance, which de facto guarantees free medical care only in the region of a person's origin.

**M**ajor differences between regions in quality and scope of educational opportunities are therefore probable. This will lead to further reduction of human resources in depressive regions, a decline in the investment attractiveness of these regions, further polarization of Russian regions in terms of social and economic development, outflow of young people wishing (and able) to move to other regions for vocational education, further social differentiation of the population and marginalization of those young people who remain in depressive regions, criminalization of young people due to unemployment and inadequate education levels, and increased social tension.

**T**he optimistic scenario envisages reform of the Russian educational system along the lines now being followed by developed countries. This means, first of all, significant financing to update the content of education (development of new standards and a quality assessment system, retraining of teachers and significant wage increases to attract people capable of implementing the updated system, renewal of educational and methodical support, etc.). This scenario will require a review of the education funding system, including, possibly, amendments to the Budget Code. Implementation of

**Major differences between regions in quality and scope of educational opportunities are therefore probable. This will lead to further reduction of human resources in depressive regions, a decline in the investment attractiveness of these regions, further polarization of Russian regions in terms of social and economic development.**

this scenario is sure to cause protests in the most conservative part of the professional community, especially those who benefit from the current situation and, probably, will displease a part of the general public. Some public opposition is likely because education is a particularly sensitive issue in Russia, and mistakes committed in implementation of previous reforms (intentionally exaggerated by their opponents through mass media) have nurtured a deep-set opposition in many people to any sort of reform. Any innovations reduce efficiency of a system when they are first launched: introduction of new technologies initially upsets cost-effectiveness of manufacturing, and quality of education is bound to be temporarily upset by renewal of its content. This will be used as another ground for criticizing reforms.

**I**t is also important to acknowledge that even the optimistic scenario is unlikely to cause a major reduction of the gap between regions in scope, resource support and quality of education at all levels.

### **2.3. GOALS AND TARGETS FOR DEVELOPMENT OF RUSSIAN EDUCATION IN THE SPIRIT OF THE MDGS**

**T**he above analysis enables us to formulate the problems and tasks, which face Russian education, in the light of the MDGs. The problems are as follows:

- inadequate involvement in education of

socially vulnerable groups (disabled, orphans, children from socially disadvantaged families) and their socialization via and within the framework of the educational system;

- inequality of starting conditions for children from different social strata and different regions, leading to further inequality in society;
- regional differences in the scope, resource support and quality of education, causing polarization of regions by levels of social and economic development with all the ensuing consequences;
- a widening gap between the contents of

### The Russian Government views education as a high-priority issue for the country's social and economic development.

secondary education and the requirements of modern life, dominance of an academic approach instead of teaching skills for full participation in public, social and economic life; and

- unsatisfactory linkage between the structure and content of vocational education and labor market requirements.

The tasks for development of Russian education in the spirit of the MDGs are:

- to involve vulnerable groups in education and socialization;
- to ensure participation in pre-school education for children from low-income families and families in rural areas;
- to reduce the gap in funding and access to general secondary and primary vocational education between and within regions;
- to update the content of general secondary education towards development of practical and knowledge application skills; and
- to improve the compliance of primary vocational and tertiary education with the modern economic environment and labor market requirements.

Targets and proposed indicators for monitoring achievement of these targets are given in the table in Appendix 2.1.

### 2.4. GOVERNMENT EDUCATION POLICY AND THE MILLENNIUM DEVELOPMENT GOALS

As stated above, the Russian Government views education as a high-priority issue for the country's social and economic development. This is evident from official documents and statements by political leaders, but it is also evident from rapid growth in resource provision for the sector. Growth in education funding has outpaced economic growth in recent years, and public expenditure on education rose from 2.8% of GDP in 2000 to 3.5% in 2003. However, public expenditure on education in Russia is still lower, both as a share of GDP and in absolute terms, than in OECD countries and countries with comparable levels of economic development.

Consideration of the Education Development Strategy of the Russian Federation up to 2010, adopted by the Government in December 2004, shows the extent, to which the Government's action plan can solve the problems of education, which this Report has revealed in the context of the MDGs.

The Strategy describes the **problems of involvement in education of socially vulnerable groups** (disabled, orphans, and children from socially disadvantaged families) and their socialization within the framework of the educational system. However, the Strategy offers no real measures to solve these problems or even to develop a system, which could keep count of children who are excluded from education.

Proper attention is given in the Strategy to **inequality of starting conditions for children** from different social backgrounds and children in different regions. It is suggested that the problem should be solved by introducing pre-school education for children aged from 5 to 6. This, however, involves considerable spending on development of appropriate curricula, teacher training, and development and publication of methodical and educational materials. If regions are expected to pay for this themselves, there is a serious risk of further differentiation in educational levels across Russia because economically backward regions with a high proportion of rural population (the regions most in need of such pre-school programs) will not be able to ensure introduction of pre-school education curricula to a satisfactory standard.

Little attention is given in the Strategy to **regional differentiation in the scope, resources and quality of education**, and there is reason to believe that transfer of responsibilities for funding primary and secondary vocational education, as proposed in the Strategy, will only aggravate the situation. Analysis of performance by primary vocational establishments<sup>13</sup> showed that only a few indicators improved as a result of transfer of funding responsibilities to the regional level in some subjects of the Russian Federation. In most cases, the change in funding source, responsibility and powers had no effect on resource sufficiency and other aspects of the primary vocational education system compared with average values for Russia, and led to changes for the worse in many cases.

The Strategy stipulates introduction of resource sufficiency standards. This would certainly promote improvement of education funding in the most economically backward

regions. However, effectiveness of this measure will depend on the level of these standards, how well they are complied with, and availability of targeted financial assistance.

The Strategy discusses the **widening gap between the content of secondary education and the needs of modern life** and dominance of an academic approach instead of teaching necessary skills for full participation in public, social and economic life. The proposed solution is to develop and introduce a new generation of standards for general secondary education. The Strategy gives considerable attention to the content of vocational education, proving that the Government is aware of the problem of **lack of match between structure and content of vocational education and the labor market**.

## 2.5. CONCLUSIONS AND RECOMMENDATIONS

Achievement of the MDGs in Russia seems to be at quite a high level. Analysis of indicators, measuring achievement of the Goals, offers a favorable picture of education coverage and gender equality in access to education.

However, closer examination reveals a number of problems and tendencies, which prevent us from concluding that Russia has fully achieved the Millennium Goals in education. These problems and tendencies include:

- increasing regional differentiation in level and quality of education, including compulsory education;
- increasing gap between the content and quality of education at all levels and the requirements of modern life and the economic environment; and
- exclusion from education of some, albeit small, groups of children due to special needs and social reasons.

## Chapter 2

The Government is fully aware that education, its quality and adequacy for modern requirements, are priority issues for improving competitiveness of Russia's economy and well-being and quality of life of its people. The second and third of the problems and tendencies, which we just mentioned, are given proper consideration in the *Education Development Strategy of the Russian*

### The MDGs, modified for Russian conditions, could be used as a start point for consensus in order to achieve deeper public dialogue

*Federation up to 2010*. However, little attention is given to the problem of widening regional differences in provision and quality of education. Furthermore, negative public attitude and opposition of a considerable part of the pro-

fessional community to any type of social reform creates a risk that reforms will be called off or implemented in a truncated form. This could mean that the priorities stated in the documents will not in fact be achieved.

Documents expounding Government education policy need some amendments, and the documents need to be explained and discussed with representatives of the professional community and consumers of educational services. The MDGs, modified for Russian conditions, could be used as a start point for consensus in order to achieve deeper public dialogue. Specific measures should be designed for achieving the adapted MDGs in Russia and these measures should be included in federal education programs, particularly the Education Development and *Children of Russia* programs.

<sup>1</sup> Draft medium-term program for socio-economic development of the Russian Federation (2005-2008).

<sup>2</sup> According to estimates of the RF Ministry of Education, "as many as 1.6 million children (or 4.5% of the total number of children) currently need special (adaptive) education, but only 45% of them have been integrated in the educational environment". Source: web-site of the RF Ministry of Education and Science.

<sup>3</sup> In this case, the understated estimate is not a result of malicious intent. It is explained by difficulties (common to all countries) of keeping a record of children not attending school. This is due to many reasons. For example, the fact that a child is excluded from education can only emerge if he/she is registered by agencies responsible for education, internal affairs, or social welfare.

<sup>4</sup> A direct comparison of public expenditures per student does not offer a true picture, because required funding depends to a large extent on where an educational establishment is located. To illustrate, educational costs per student in rural areas are on the average 3-4 times higher than in urban areas. For this reason, initial public expenditures data were adjusted using the "index of appreciation of budgetary service standard unit cost" (this index takes into account climate, population settlement pattern, transport network and other factors influencing social expenditure needs in different regions; it is calculated annually by the RF Ministry of Finance for purposes of allocating financial support to regions). Similarly, Gross Regional Product (GRP) per capita, which is the indicator of economic development of a region, was adjusted based on the consumer goods basket.

<sup>5</sup> PISA = Program of International Scholar Assessment, TIMS = Trends in International Mathematics and Science.

<sup>6</sup> Agranovich, M.L., Poletaev, A.V., and Fateeva, A.V. Rossiyskoye obrazovanie v kontekste mezhdunarodnykh pokazateley, 2004. Sravnitelnyy analiz, Moscow, Aspekt Press, 2005, Table 2.

<sup>7</sup> See, for example, Livni, E. and Polishchuk, L. Problema kachestvennogo obrazovaniya: rol' gosudarstva, konjurenstii i rynka truda, [http://www.eerc.ru/details/download.aspx?file\\_id=3900](http://www.eerc.ru/details/download.aspx?file_id=3900).

<sup>8</sup> See the list of data collected by Rosobrazovanie to perform a rating assessment of higher educational establishments and chairs, [http://www.edu.ru/db-mo/mo/Data/d\\_05/pr11-5.doc](http://www.edu.ru/db-mo/mo/Data/d_05/pr11-5.doc)

<sup>9</sup> See, for example, studies that were undertaken in Krasnoyarsk (Markova, O.Yu., Petrushina, I.S., and Krasnikova, E.A. Marketingovye issledovaniya rynka obrazovatel'nykh uslug; <http://www.marketing.spb.ru/conf/2002-01-edu/sbornik-4.htm>) and in the Primorski Krai (Popova G.G., and Gembatskaya, G.V., Analiz rezultatov sotsiologicheskogo issledovaniya mneniy rabotodateley ob otsenke kachestva podgotovki spetsialistov vuzami Primor'ia; and Dotsenko, V.A., Otsenka kachestva vypusnikov VGUES po itogam anketirovaniya rabotodateley, in Perspektivnye tekhnologii otsenki i monitoringa kachestva obrazovaniya [Perspective technologies of education quality assessment and monitoring], Collection of papers, Vladivostok, Dalnevost. Un-t, 2003).

<sup>10</sup> This group includes three aggregated branches of knowledge according to the International Standard Classification of Education of 1997: (1) Education, (2) Art and Human Sciences, and (3) Social Sciences, Business, and Law. These ISCED-97 domains correspond, in turn, to five aggregated groups of specialties and training types as defined in the All-Russia Classifier of Educational Specialties: (50) Education and Pedagogy, (70) Culture and Art, (30) Human Sciences, (40) Social Sciences, and (80) Economics and Management.

<sup>11</sup> Agranovich, M.L., Poletaev, A.V., and Fateeva, A.V., Rossiyskoye obrazovaniye v kontekste mezhdunarodnykh pokazateley, 2004. Comparative presentation, Moscow, Aspekt Press, 2005, Table 15. Data for Russia have been rectified.

<sup>12</sup> Federal Law No.122-F3 of Aug. 22, 2004.

<sup>13</sup> Problemy i tendentsii razvitiya obrazovaniya v Rossiyskoy Federatsii: regional'nyi aspekt. Statisticheskiy informatsionnyy sbornik, Moscow, 2004.

## Appendix 2.1

**Table. Goal 2. Ensuring accessibility to education**

Target	Indicator	Current value	Targeted value	Comments
<i>To involve vulnerable groups of the population in education and socialization</i>	Education coverage of children with special health-related needs  The proportion of children with special health-related needs attending secondary schools in the total number of children with special health-related needs who are in education  The proportion of children from vulnerable groups with a certificate of full secondary education or primary vocational education and employed or continuing education	45% (2002)  -  -	-  -	The system for recording numbers of children excluded from education needs to be improved.
<i>To ensure participation in pre-school education of children from low-income families and residing in rural areas</i>	Pre-school education coverage  Including: in rural areas children from low-income families	58.1% (2002)  39.0% (2002)  -	90%  70%  -	A special survey is required with subsequent organization of monitoring.
<i>To reduce the gap in funding and access to general secondary and primary vocational education between and within regions</i>	A reduction of the gap in spending per student between regions and between local communities within regions (the ratio of mean values for upper and lower deciles)  A reduction of the gap in upper secondary education coverage between regions (the ratio of mean values for upper and lower deciles)	2.1-fold (regions) (2002)	1.5  1.1	The ratio between values in the “top” and “bottom” 10% of regions.
<i>To update the content of general secondary education towards developing practical skills and knowledge application</i>	Improvement of Russia’s rating in PISA and TIMS assessments	2003 – 30 <sup>th</sup> position	Pessimistic scenario – 35 <sup>th</sup> position  Optimistic scenario – 20 <sup>th</sup> position (average among OECD countries)	
<i>To improve compliance of vocational education with the modern economic environment and labor market requirements</i>	Employment of vocational school leavers and graduates (the proportion of unemployed in the total number of vocational school leavers and graduates)  Primary vocational education Secondary vocational education Higher vocational education  The average duration of job search for people aged 16-24  System of additional education (additional education coverage of people aged 24-60)	2003  6.1% 6.9% 2.2%  8.0 months - 2002	3.0% 3.0% 1.5%  6 months	A reliable audit system needs to be developed for additional education.



# Promote gender equality and empower women

The international community has decided that the key task for implementation of the gender MDG is “to eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels no later than by 2015”. The chosen indicators for assessing progress in attainment of the education target, and thus of the MDG, are: the

**Sustainable human and economic development of any country, including Russia, presupposes broader development opportunities for both sexes, since women are not isolated from men in this world. So problems of gender development are relevant for Russian men as well as Russian women.**

ratio of girls to boys in primary, incomplete secondary and complete secondary education; the ratio of literate girls to literate boys in the 15-24 age group; female share in non-agricultural wage employment; and the proportion of women in parliament.

It is assumed that achieving gender equality in access to all levels of education will eradicate inequality of access to wage employment, level out the gender structure of employment access, and reduce gender asymmetry in political participation. No doubt, implementation of this strategy will be productive in many countries. However, the experience of Russia suggests that gender equality in the education system is an essential but not necessarily sufficient condition for gender equality in other

aspects of public life. Women in our country generally have a higher level of education than men and represent more than half of the total number of people in paid employment. Nevertheless, the social status of women in Russia is less than adequate.

Therefore the target of ensuring gender equality in access to education needs to be supplemented in Russia by other targets, which can guarantee equal rights and opportunities for men and women in all spheres.

It is also important to remember that sustainable human and economic development of any country, including Russia, presupposes broader development opportunities for both sexes, since women are not isolated from men in this world. So problems of gender development are relevant for Russian men as well as Russian women.

Inclusion of these issues in MDG targets for Russia will enable design of a plan for overcoming gender asymmetry in Russian society and make it possible to monitor removal of key obstacles to constitutional equality between the sexes.

## 3.1. GENDER ANALYSIS OF LEGISLATION

In Russia the principle of equal rights and liberties, and equal opportunity for men and women in their realization, is set out in a



number of legal and regulatory documents, and laws and regulations in this sphere are being continuously improved (Box 3.1). However, the current legal framework only provides equal rights and opportunities for men and women, and prevention of discrimination, in theory. National legislation lacks mechanisms for their actual realization, and there is no precedent for legal action to counter violations of the principle of equal rights and opportunities for men and women, and to counter widespread gender discrimination.

### 3.2. NATIONAL MACHINERY FOR IMPROVING THE STATUS OF WOMEN IN THE RUSSIAN FEDERATION

Despite some obvious progress, Russian legislation still makes no provisions for specialized structures, which would be responsible for achieving gender equality. However, there is now some national machinery for improving the status of women. It includes the Government Commission for the Status of Women; Family, Women and Children Department of the Ministry of Labor and Social Development; Duma Committee for Women, Family and Youth; and Commission for Women's Affairs of the Chairman of the Federation Council. However, these structures were created by order of various state bodies and tend to lack stability. For example, the Commission for the Status of Women ceased to exist as a result of administrative reform of the executive branch of power in 2004. Further administrative reform in subjects (regions) of the Russian Federation could lead to liquidation of regional commissions for the status of women.

The current national mechanism for gender equality lacks power and financial resources, so that its functions are essentially reduced to consulting and coordinating.

#### Box 3.1. Legal environment for implementation of the gender equality principle

The principle of equal rights and liberties, and equal opportunities for men and women in their exercise, is set out in the 1993 RF Constitution (Article 19, para.3). Russia has also ratified the UN Convention on the Elimination of All Forms of Discrimination against Women, UN Declaration on the Elimination of Violence against Women, ILO Conventions and recommendations, and UNESCO Conventions on abolishing discrimination in the sphere of education. The Federal Assembly of the Russian Federation has ratified the UN Convention against Transnational Organized Crime and Supplementary Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children. The State Duma is currently reviewing the Supplementary Protocol to the UN Convention on Liquidation of Any Forms of Discrimination Towards Women. The constitutional principle of equal rights and opportunities for men and women is reflected in a number of legal documents, adopted at the federal level.

Further improvements are being made to the legal framework for equal rights and opportunities of the sexes. In recent years the State Duma has ratified ILO Convention No. 156 On Equal Treatment and Equal Opportunities for Working Men and Women: Working People with Family Responsibilities, adopted a Concept of Legislative Activity to Ensure Equal Rights and Equal Opportunities for Men and Women, and is presently reviewing a bill On State Guarantees of Equal Rights and Liberties and Equal Opportunities for Men and Women.

The Russian Federation signed the Declaration and the Platform of Action of the Fourth World UN Conference on Women (Beijing, September 4-15, 1995), thereby assuming the commitment to create an independent competent authority at the highest level with responsibility for improving the status of women. This authority is supposed to have direct influence on Government policy in women's issues, to participate in the legislative process and to have its own budget.

### 3.3. GENDER PROBLEMS IN RUSSIAN STATE POLICY

During the years of socio-economic reforms in Russia, state policy goals relating to women have evolved from "creating more favorable conditions for women to combine their professional, maternal and household tasks" to creation of a society based on gender equality.

There have been two distinct phases of policy formulation and implementation. The first stage, in the 1990s, gave an appearance of activity, but tended to be limited to words. It sets targets for female participation in state bodies, for ending of the long-established wage gap between men and women in parts of the public sector, where most employees are women, etc. A National plan of Actions to Improve the Status of Women and Their Role in Society (2001-2005) was drafted, but it has remained little more than a declaration due to lack of budget financing.

In the second phase, dating from the turn of the Millennium, the state has given up both declarations and actions. Gender issues have effectively dropped out of the Government's socio-economic priorities and are only considered in the context of child and family issues. The Russian Government has not set itself a single task in the sphere of gender equality. Gender issues are ignored in the Medium-term Program of Socio-economic Development of the Russian Federation (2005-2008), and no gender-sensitive indicators are included in the Consolidated Report on Outcomes and Key Tasks of RF Government Activities. Even such obvious gender-asymmetric issues as low life expectancy at birth and inadequate labor remuneration are discussed in this document with no regard to differences between men and women.

The Gender Strategy of the Russian Federation, prepared in 2002-2003 by the Ministry of Labor and Social Development, could provide a political and legal basis for state policy on women's issues, enhancement of women's status, overcoming gender discrimination, and achieving gender equality in all spheres of life. The document sets out contemporary goals and targets for state gender policy, including human development, devel-

### Low life expectancy of Russian men is the key problem on the male side of Russian gender issues.

opment of democracy, and promoting sustainable economic growth. But the Strategy has not yet been approved.

Neglect of gender equality issues is deep rooted in Russia's cultural and socio-economic background. Society's attitude towards gender problems cannot be changed without a review of ideology and increased awareness among the general public and the authorities of real gender problems in contemporary Russia.

## 3.4. STATISTICAL ANALYSIS OF THE CURRENT SITUATION

The past 15 years of socio-economic reforms have shown that developments in our society have different and sometimes contradictory effects on men and women, creating different zones of male and female gender problems, and creating obstacles to practical attainment of gender equality.

### 3.4.1. LOW (AND FALLING) MALE LIFE EXPECTANCY, ESPECIALLY IN THE ABLE-BODIED AGE GROUP

Low life expectancy of Russian men is the key problem on the male side of Russian gender issues. This is a long-term trend in the modern Russian demographic situation. Russia's lag compared with developed countries, measured by this indicator, first appeared in the early 1960s, but remained moderate through the 1970s and 1980s. There was a short period of growth in male life expectancy at birth in the second half of the 1980s (reaching a maximum of 63.8 years in 1990), but it was soon replaced by a reverse tendency. An absolute minimum of 57.6 years was registered in 1994, followed by a gradual rise to 61.3 years in 1998, followed by a new period of decline (in 2003 the indicator stood at 58.8 years).

The indicator of female life expectancy at birth has shown a parallel trend, but absolute values of the indicator for women have consistently exceeded those for men by at least 10 years. The minimum life expectancy gap between the sexes was registered in 1998, when it was 11.6 years, while the biggest gaps were in 1994 (13.59 years) and 2002 (13.57 years). The gender life expectancy gap has grown by more than 5 years over the last 45 years (since the early 1960s), and

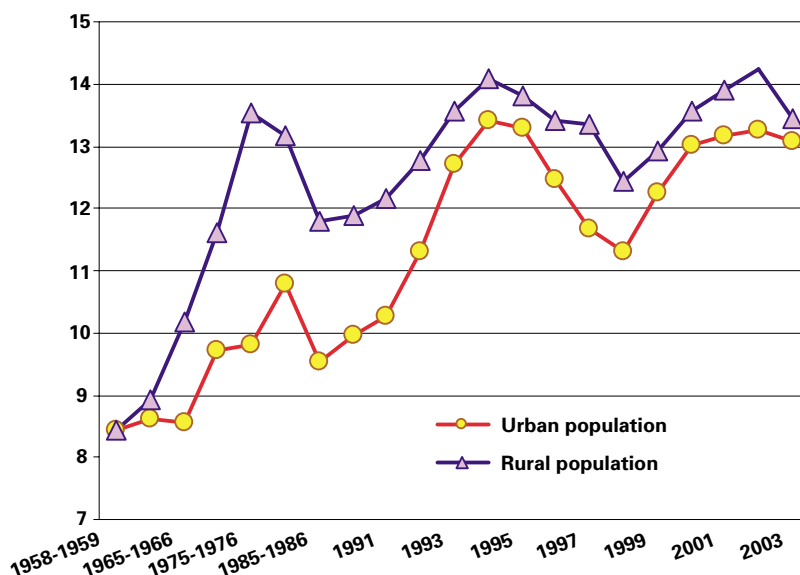
Russia set a world record when the gap went above 13 years for the first time in 1964. The current gap in Russia is 13.2 years, but in some regions it is as high as 15-17 years.

There has also been a considerable difference in the gender life expectancy gap between rural and urban areas since the 1960s. The maximum differences were registered in 1975-76 when the gap between men and women was 13.5 years for rural populations and 9.8 for urban populations. Later the indicators for urban and rural areas began to close, mainly due to increase of the gender life expectancy gap in urban areas. Finally, in 2003 the difference between rural and urban populations, measured by this indicator, was insignificant: women in urban areas were ahead of men in life expectancy by 13.08 years, and by 13.44 years in the country (Figure 3.1).

Low Russian male life expectancy is mainly due to abnormally high mortality rates in the able-bodied age group: mortality among males in this age group is 3.8 times higher than the respective female indicators (Table 3.1).

The main contribution to low life expectancy of Russian males is from socio-economic and behavioral factors closely connected with gender stereotypes. Male gender roles in the new socio-economic conditions create higher stress, and the correlation between stress and mortality is much more marked among men than among women. Male behavioral stereotypes in Russia include alcohol abuse, drug abuse, smoking as means of overcoming stress and various masculine displays. Growth of suicide mortality represents an extreme form of reaction to socio-economic pressure and incapacity to perform the traditional gender role of breadwinner. In 2001 suicide was the cause of death for 74.9

Figure 3.1. Gender life expectancy gap at birth in urban versus rural areas, 1959-2003



men per 100,000 able-bodied men in urban areas, while the corresponding indicator for women was 10.1 (Table 3.1). In rural areas suicide mortality indicators were even higher, at 128.3 for males and 16.7 for females.

Table 3.1. Mortality rates of able-bodied population by main causes of death (males 16-59 years, females 16-54 years)

(number of deaths per 100,000 able-bodied persons)	1995	1996	1997	1998	1999	2000	2001
<b>Urban population</b>							
<b>Men</b>							
accidental alcoholic poisoning	64.9	51.8	39.2	37.1	42.4	53.5	56.4
all types of transport accidents	48.6	41.3	38.3	41.6	47.0	48.2	49.2
Suicide	84.2	78.7	71.1	67.0	73.0	73.4	74.9
Homicide	71.5	59.6	52.3	49.9	55.4	60.6	63.6
<b>Women</b>							
accidental alcoholic poisoning	14.2	10.9	8.3	7.8	9.7	12.4	13.3
all types of transport accidents	12.4	10.9	11.1	11.8	12.5	13.4	13.9
Suicide	12.4	11.0	10.4	9.6	11.2	10.1	10.1
Homicide	17.5	15.5	13.3	12.7	15.2	15.8	16.1
<b>Murder</b>							
<b>Men</b>							
accidental alcoholic poisoning	69.5	57.9	48.3	43.2	47.9	59.7	66.2
all types of transport accidents	70.1	61.8	55.6	59.1	68.0	69.6	70.3
Suicide	126.5	124.0	119.9	112.2	123.2	128.8	128.3
Homicide	60.4	55.3	51.4	49.3	54.3	58.7	57.7
<b>Women</b>							
accidental alcoholic poisoning	15.1	13.0	10.6	9.8	11.3	13.7	16.3
all types of transport accidents	13.5	12.6	12.7	13.6	14.9	15.6	15.9
Suicide	17.3	16.3	16.0	15.0	16.2	16.4	16.7
Homicide	16.8	15.2	13.5	13.3	14.8	16.0	16.5

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**M**ortality rates of males and females from all types of transport accidents and homicide differ almost four-fold (both in urban and rural areas), also largely due to gender behavioral stereotypes.

**T**he dynamics of mortality rates from suicide, homicide and alcohol abuse show a clear dependence on the socio-economic situation in the country. From 1995 to 1998

**The sphere of employment is generally a sphere of female gender problems, primarily the relatively low wages earned by women.**

mortality from these causes was in decline among both men and women, in both urban and rural areas. That trend has been reversed since 1999: economic growth in Russia has been accompanied by marked growth of mortality due to suicide, homicide and alcohol. (Connections between mortality and Russian health care and way of life are additionally reviewed in the respective Chapter of this Report).

### 3.4.2. DEFORMATION OF MATRIMONIAL PROFILE OF POPULATION

**H**igh indicators of male mortality inevitably lead to deformation of the matrimonial profile in Russia. The share of

**The experience of Russian economic reforms shows that as soon as a sector or a profession starts to yield high income it attracts a rush of male labor, and conversely.**

widows considerably exceeds the respective share of widowers after 30 years of age. After 50 years of age the gender asymmetry great-

ly increases: among the 50-59 age group the share of married men exceeds that of married women by 1.4 times, in the 60-64 age group by 1.6 times, in the 65-69 age group by 1.8 times, and by more than 3 times over 70 years of age. High male mortality, a high divorce rate, growing share of widows among women, declining rate of new marriages among women – all these factors together raise the share of broken families (single households).

### 3.4.3. EMPLOYMENT AND UNEMPLOYMENT AMONG MEN AND WOMEN

**T**he sphere of employment is generally a sphere of female gender problems, primarily the relatively low wages earned by women. However, there are some unresolved male employment issues too, particularly a high level of employment in unfavorable labor conditions.

**S**tarting from the second half of the 1960s Russia achieved an exceptionally high level of female wage employment, and women have retained their strong presence in the labor market to this day: women now account for 49% of wage employment and men for 51%. The 1990s saw a decline in absolute employment figures, which affected both men and women. However, economic growth after 1999 had a vigorous positive effect on female employment. In 2000-2003 alone the number of employed women grew by 1,382,000 and the female employment rate from 53.6% to 56.0%, while the number of employed men increased by only 649,000 and their employment rate grew from 63.7% to 65.1%.

**W**omen have consistently dominated the registered unemployed in recent years, with their share varying from 60% in 1996 to 70% in 1999, and 68% in 2003. Real unemploy-

ment registered in accordance with ILO methodology is consistently male-dominated. The share of women varied between 44.8% in 1996 to 47.3% in 1992, and stood at 46.4% in 2003.

#### 3.4.4. SUBSTANTIAL (AND GROWING) GENDER DIFFERENCES IN LABOR REMUNERATION

Despite higher levels of education among women, their wage levels considerably lag those of men. In the Soviet period female wages did not exceed 70% of male wages, and the gap has tended to widen in recent years. In 1998 female employees at large- and medium-size enterprises were paid 70% of the wages of men, in 2001 just 63%, and 64% in 2003. The differences in labor remuneration are especially large in the 20-40 age group, i.e. when women have to shoulder the main burden of child care and domestic responsibilities.

The main reason for the wage gap between men and women in Russia is a high level of gender segregation in the work place. This segregation has various aspects:

- sector-related (sectors where the share of women is higher have a lower wage level);
- occupational (“female” professions are among the least prestigious and least paid);
- vertical (women are concentrated at lower levels of the personnel hierarchy within the same profession, which is reflected in their earnings).

According to various estimates the sectoral segregation level in Russia is currently 30-33%, comparable with the situation in developed western countries in the second half of the 1980s. Professional segregation indicators are currently estimated at 45%, also considerably exceeding levels in developed countries.

The impact of sectoral segregation in employment on the wage gap is well illustrated by the following data. In 2003 wage levels in seven out of fourteen sectors of the economy were below the average for the economy as a whole (RUR 5499.), while they were higher in the other seven. The former group of sectors employed 62.4% of all employed women and just 33.9% of men. In the group of high-wage sectors the situation was inverse: they employed 63.1% of men and just 35.6% of all women. It should be noted that the size of the gender wage gap has no clear dependence on the degree of “feminization” in a particular sector. For example, in education, where the share of women is 80%, the average wage of women is 23% lower than that of men, while in construction (where women make are only 20%), the wage gap between men and women is 18%.

The effect of professional segregation is manifested by the fact that women earn less than men in equal positions. The maximum gender gap is found in labor remunerations at a medium level of qualification. Here female wages are only 63.6% of wages received by men. Notably, the gender wage gap exists even in professions and positions viewed by employers as “typically female”. Thus, the wage gap between men and women was above average even among employees engaged in preparing information, drawing up documents, accounting and services.

Vertical segregation is observed in all sectors and occupations, including those where women are in an absolute majority. Even in such a highly feminized sphere as education the share of women decreases further up the hierarchy. For example, the overwhelming majority of those employed in secondary education are women, but only 65% of secondary school head teachers are women. Vertical segrega-

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tion is even more conspicuous in higher education, where 68% of teaching staff of universities are women, but only 7% of principals, and 31% of deans.

The experience of Russian economic reforms shows that as soon as a sector or a profession starts to yield high income it attracts a rush of male labor, and conversely (this scenario has been particularly obvious in the finance, credit and insurance sector).

Vertical segregation and replacement of women by men due to higher wage lev-

### Work conditions as a cause of injury and ill-health (particularly lethal traumatism) are a predominantly male problem in contemporary Russia.

els are in spite of higher professional education levels among women compared with men. At present every fourth working Russian woman has a university diploma, compared with every fifth man. Women are also in the majority among all employees with secondary special and higher education. Conversely, many more of those who have only primary professional education or secondary general education are men. So, for women, education in modern Russia fails to perform one of its crucial functions – that of vertical social mobility.

**Table 3.2. Share of men and women in education (in %)**

	1996	1997/98	2000	2001/02	2003
<b>Primary professional education</b>					
Share of men	61	61	62	62	62
Share of women	39	39	38	38	38
<b>Secondary special education</b>					
Share of men	40*	41	45	45	48
Share of women	60*	59	55	55	52
<b>Higher professional education</b>					
Share of men	46*	45	43	43	43
Share of women	54*	55	57	57	57

\* 1995 data

### 3.4.5. HIGH EMPLOYMENT IN HARMFUL LABOR CONDITIONS

Work conditions as a cause of injury and ill-health (particularly lethal traumatism) are a predominantly male problem in contemporary Russia.

The modern labor protection system in Russia retains some traditions inherited from Soviet times and is primarily aimed at maternity protection: there are restrictions on employment of women in 600 professions and jobs. There are also certain gender differences as regards labor discipline and work safety regulations.

Because of this, employment levels of women and men in conditions, which fail to meet sanitary and hygiene standards, differ almost twice, the number of women and men who receive severe workplace injuries differ three-fold, and there is a difference of 16 times between the sexes in numbers of lethal industrial accidents.

However, a growing share of workers of both sexes are employed in harmful labor conditions. The share of men employed in industry in conditions, which did not comply with sanitary and hygiene standards, rose from 26.4% in 1999 to 28.6% in 2003. Among women the share has grown from 14.9% to 16.3%. The growth is probably caused by recommissioning of obsolete and previously mothballed equipment or continued operation of worn equipment.

Although the number of people who suffer injuries in workplace accidents is decreasing, the number of lethal accidents is on the increase, giving cause for concern. The situation in construction is particularly serious: the share of male construction workers in lethal accidents (0.424%) was twice the average for all employments in 2003.



A high level of employment in harmful labor conditions is one factor explaining the extremely high mortality among males.

### 3.4.6. EDUCATION

#### *Ratio of boys to girls at all levels of general and professional education*

The shares of boys and girls in Russia's general school system are practically equal. There is no gender distinction in the structure of pupils at the compulsory level of education (grades 1-4 and 5-9). However, girls are a majority at the third, non-compulsory level (grades 10-11). In the 2001-2002 school year girls were 56.1% of all grade 10 pupils, and 56.9% of grade 11 pupils. The main reason for this gender asymmetry in senior grades is that more boys than girls graduate from grade 9 to the system of primary professional education (evidenced by a higher share of boys among students at such institutions) and to paid employment (males in this age group show a higher level of employment than girls).

The main gender problems in education are inferior levels of education among men, and relatively low economic efficiency of female education.

#### *Inferior levels of education among men*

Women in modern Russia are better educated than men, and this gap will only increase in years to come (Table 3.2). There are significant differences between the sexes in professional education strategies (young women are increasingly interested in a high or a very high level of professional education, while young men increasingly often make do with lower levels).

#### *Low economic efficiency of female education*

There is a gender difference in the efficiency of investment in education, which became particularly obvious when paid education services began to appear in Russia.

Generally, women need higher education in order to secure a significant increment in their earnings, whereas men obtain sufficient economic gains from their education even in blue-collar jobs, which require only secondary special education. It is also true that higher levels of education are still insufficient to bridge the gap between women's labor remuneration and that of men with a comparable level of education. The latent discrimination mechanisms in the labor market devalues the high level of female education. In effect, the high level of female education renders itself redundant.

Another negative aspect of gender disproportions in education, strange though it may seem, is growth of conservative attitudes towards the role of women in the family and society. Young male blue-collar workers who lack higher education tend to have more conservative views on the distribution

#### **Despite the high level of female education and employment, the distribution of gender roles in Russia remains traditional: domestic work is predominantly left to the woman, who therefore does a double day of work.**

of gender roles in the family and to support a patriarchal family model.<sup>1</sup> The conflict of gender role concepts may be further aggravated if the wife has higher education. So gender differences in the levels of education may indirectly hinder political strategies aimed at achieving gender equality.

### 3.4.7. SPREAD OF TRADITIONAL GENDER ROLES AND STEREOTYPES

Despite the high level of female education and employment, the distribution of gender roles in Russia remains traditional: domestic work is predominantly left to the woman, who therefore does a double day of work. On average women spend 30.3 hours per week on domestic work, compared with just 14.0 for men.<sup>2</sup> Women's total average number of work-

**For rural women and women from low-income households, the additional burden of part-time farming has actually extended the working day by three times.**

ing hours (at workplace and at home) is 25% higher than men's, while women of working age spend twice as long working than their male peers.<sup>3</sup> Assessing the gender distribution of time resources in the family both men and women admit that men are much more able to devote as much time and effort to work as they wish, and to spend their time away from work as they wish.<sup>4</sup> It should also be noted that, in the reform period, "do-it-(grow-it)-yourself" has become an important adjustment strategy for households, which has led to a further increase of women's domestic and general workload. For rural women and women from low-income households, the additional burden of part-time farming has actually extended the working day by three times. Non-recognition of the social importance of female household work results in marginalization of female employment and loss of pension insurance for women.

### 3.4.8. CRIME

The structure and dynamics of crime in Russia differ substantially by gender. The level of crime among men considerably

exceeds the respective indicators among women. In 2002 there were 680,248 men confined in Russian penitentiary institutions, compared with only 40,808 women (respectively, 94.3 and 5.7% of all adult prisoners).<sup>5</sup> Male crime peaked in 1999-2000, but indicators for female crime have been stable. However, the share of female crime grew from 14.9 to 17.8% in the period from 1995 to 2002.<sup>6</sup>

The structure of female crime is dominated by consumer fraud, while the structure of male crime is much more versatile with a higher share of theft (Figure 3.2). It is disturbing to note that crime is becoming more brutal in younger age groups compared with older age groups, and that is true of young women as well as young men. However, there is no doubt that crime is predominantly a male problem.

### 3.4.9. GENDER ASPECTS OF VIOLENCE IN RUSSIA

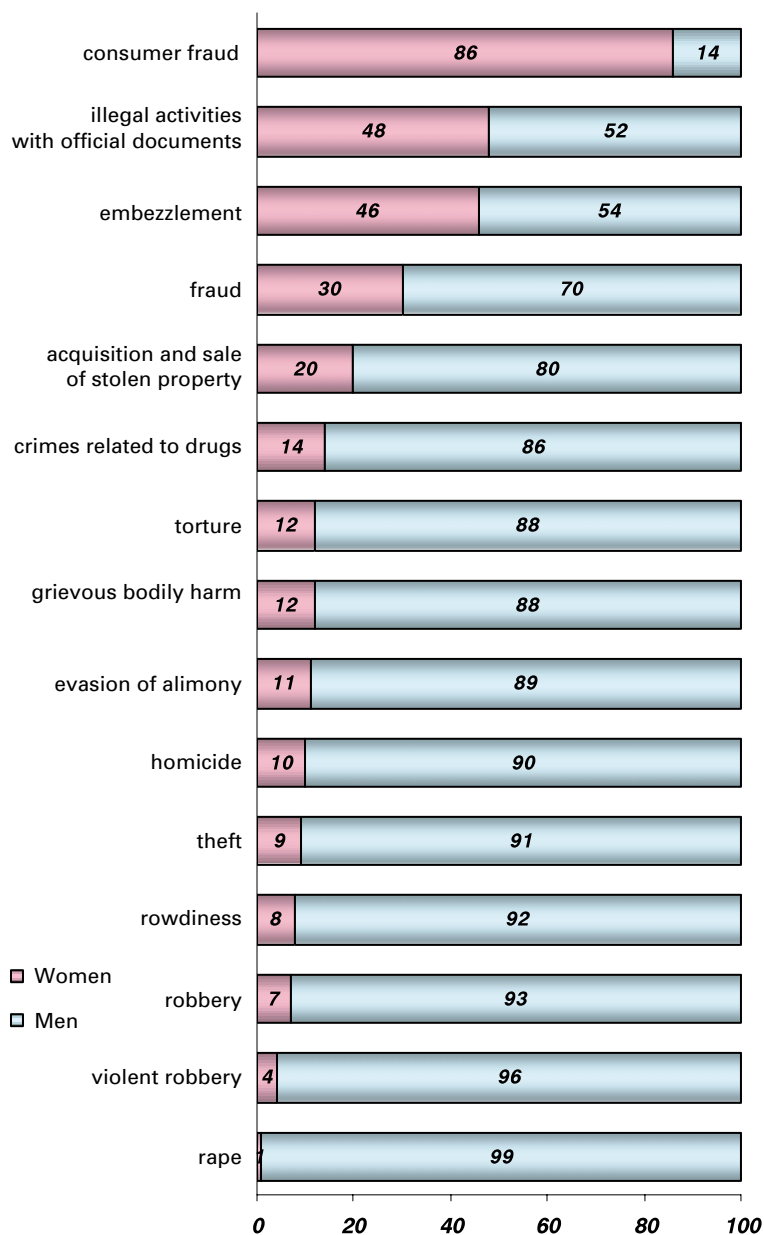
Russian violent mortality indicators are 3 times higher than the world average. Analysis of the problem is handicapped by the fact that Russia does not maintain regular crime victim monitoring of registered offenses. According to the International Crime Victim Survey (ICVS),<sup>8</sup> carried out by the UN International Crime Research Institute (UNICRI), personal crimes are more often committed against men. A survey in Russia in 1996 suggested that 7.6% of men and 4.2% of women had been victims of assault or threat of violence during the year. However, taking account of sexual incidents, in which the victims are generally women (2.1% of surveyed women were victims of such crimes during the year), the picture is balanced. Other statistical data suggest that in 2000 men were victims of violent crime twice more often than women.<sup>9</sup>

Rape or attempted rape is one of the most widespread types of violence against women. Trends show a slight decline in rape and attempted rape, but results of a survey suggest that 15% of reported rapes are concealed by law-enforcement authorities.<sup>10</sup> Hence, the decline in statistical indicators of registered rape or attempted rape (Table 3.3) may in fact imply higher latency of this type of crime.

There is also a fairly high incidence of sexual harassment and coercion to sexual contacts at work. More than half of men and an absolute majority of women believe that a woman who rejects such harassment is in serious danger of losing her job, which may lead to loss of career opportunities or salary.<sup>11</sup>

Although most victims of violence are men, domestic violence is overwhelmingly a female problem (93% of victims are women).<sup>12</sup> According to the 1996 survey, 25% of married women were subjected to physical violence and up to 30% of divorced women had experienced violence in previous marriages. Incidence of family violence is much higher in rural areas.<sup>13</sup> According to 2000-2002 research conducted in 7 regions of Russia, 41% of women had been hit by their husband at least once, while 3% were beaten by their husbands once a month or more.<sup>14</sup> 87% of men and 93% of women believe that there is a problem of domestic violence against women in Russia, and 15-20% acknowledge violence in their own families.<sup>15</sup> The problem of domestic violence is only just emerging as a serious subject for social dialogue in Russia. Almost half of survey respondents believed that if a husband has beaten his wife, that remains their private affair, and external interference is undesirable (Table 3.4). Domestic violence and sexual harassment at work remain beyond the sphere of state policy at present.

Figure 3.2. Ratio of convicted women to convicted men by type of crime (court sentences enforced in 2003)<sup>7</sup>



### 3.4.10. PARTICIPATION OF WOMEN AND MEN IN DECISION-MAKING

There are no restrictions in current Russian law on participation by women in political activity or electoral campaigns, and laws governing participation in public service are formally gender-neutral. However, women in Russia are insufficiently involved in the deci-

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**Table 3.3. Dynamics of rape and attempted rape**

	1996	1997	1998	1999	2000	2001
number of victims	10900	9300	9000	8300	7900	8200
per 100,000 people	7.4	6.3	6.1	5.7	5.4	5.7

sion-making process. This is true of all branches of power (legislative, executive and judicial).

In general, women represent the majority of public servants in the executive and legislative branches and women were 69.3% of all federal public servants in 2003. However, they were primarily concentrated in lower- and middle-rank positions and almost absent at the decision-making level (Figure 3.3).

There are currently no women in the Russian Government or among heads of the Government Administration, the six Federal Agencies, and eleven Federal Services. There is only one female head of the three State Funds (the head of the Social Insurance Fund).

As of March 2005 there were only 5.6% of women among senators of the Federation Council (the upper chamber of the Russian Parliament). The Federation Council is chaired by a man, his four deputies are three men and one woman. There is only one head of the 22 committees and commissions of the Federation Council (she heads the Social Policy Committee).

**Table 3.4. Whom should a woman appeal to in case of physical violence in the family, (several response options are possible, %)<sup>16</sup>**

	Women	Men
Near social environment (relatives, friends)	56.6	52.5
Law (police, lawyer)	34.2	29.3
Psychologist, family consultancy, crisis centers	40.9	27.3
Local authorities, social organizations, husband's superiors	5.3	4.7
Nobody	43.7	51.9

Women's representation in the State Duma (the lower chamber of Parliament) is somewhat higher. Women are 9.8% of all deputies in the current Duma (2003-2007). According to the Inter-Parliamentary Union, that makes Russia 84th out of 125 countries by the number of women in its national parliament in 2005.

Under-representation of women among decision-makers contradicts fundamental democratic principles and international obligations adopted by Russia in the sphere of gender equality.

### 3.5. PROSPECTS FOR ACHIEVING THE MDG GOAL TO "PROMOTE GENDER EQUALITY AND EMPOWER WOMEN": DEVELOPMENT SCENARIOS

The Russian Government intends to undertake large-scale reforms in the social sphere in coming years. However, lack of Government interest in implementing its Gender Strategy means that gender equality goals remain a formal declaration. Past experience suggests that the proposed social changes may have a gender-asymmetrical effect, holding back the human development potential of women and men in Russia. Omission of a gender aspect in the social reform programs is largely due to lack of expert assessment from a gender viewpoint and lack of studies of likely gender-related consequences of the reforms.

In what follows we review the gender effects of certain socio-economic reform directions, which are still treated in official documents as irrelevant to gender issues (Russia's WTO membership, pension reform, education credits).

### 3.6. MDG PERFORMANCE MONITORING AND PROPOSED INDICATORS

Monitoring of the gender situation in Russia can only be partially based on the indicators suggested by the MDG, since only a quarter of the Goal 3 indicators are relevant to Russia.

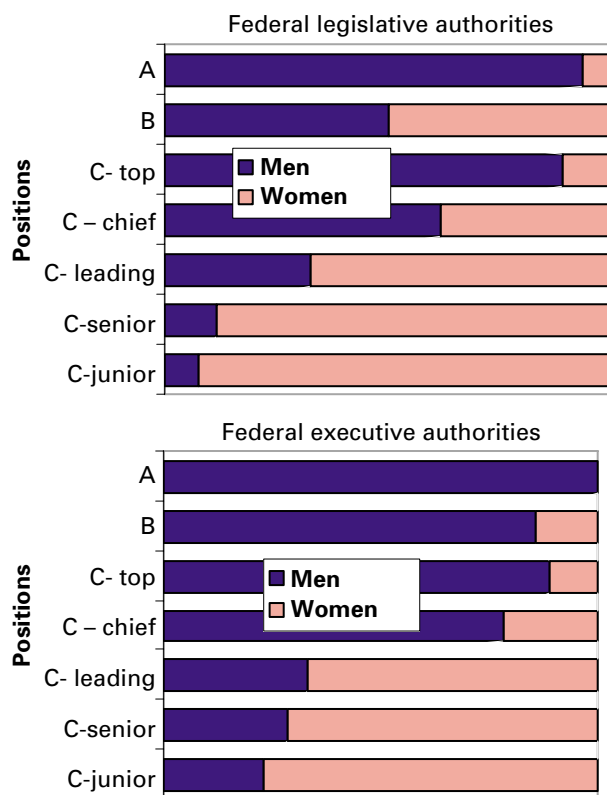
The targets formulated under Goal 3 should therefore be complemented by the following:

- ensure equalization of opportunities for women and men to access political institutions;
- eliminate discriminatory practices in labor and employment;
- create a system of real mechanisms for preventing violence against women; and
- reduce impact of unfavorable socio-economic factors on health and life expectancy, especially for men.

The following indicators could be used for assessing performance in attainment of the above targets:

1. The share of seats occupied by women in:
  - the National Parliament (State Duma),
  - Russian Federal Government,
  - Constitution and Supreme Courts.
2. Gender wage differences.
3. Gender differences in business, measured by the degree of involvement in business and business size.
4. Number of cases of violence against women registered by social care institutions and the Ministry of Internal Affairs (Police).
5. Life expectancy at birth of:
  - Women,
  - Men.
6. Gender life expectancy difference.
7. Reduction of harmful employment and gender employment differences in harmful employment.

Figure 3.3. Gender composition of public service by category and groups of posts, and by branches of power



**Box 3.2. Russia's accession to the WTO: assessment of gender impact**

Analysts have pointed out that Russia's WTO accession will inevitably divide society into winners and losers, but they neglect the question of how social and economic costs will be shared by men and women. However, the gender impact may be among the most significant, as we will now attempt to show.

(1) According to research data and projections, WTO membership should not cause mass redundancies or a surge of unemployment. However, the list of sectors where shrinkage of production and employment is expected to be greatest looks gender-asymmetric. These sectors include agroindustry, food processing, textile, footwear, furniture industries, mechanical engineering as a whole and, particularly, production of domestic items and electric appliances. The majority of these sectors employ mainly women, threatening gender-asymmetric redundancy.

(2) Social risks related to opening of the Russian economy and trade liberalization are likely to vary substantially between regions. The risks will be particularly high for regions with import-substituting industries (in particular, mechanical engineering), high employment levels in textile and food processing industries, significant agriculture, and a high concentration of urban settlements centered on a single industry. Many regions and towns do not have a gender-balanced labor force structure or a developed small-business sector, which could cushion social problems due to employment shifts. WTO accession is likely to bring serious social gender consequences (male or female, depending on the profile of key employers) in addition to economic problems in such regions. Regions most exposed to gender effects are those which combine the highest share of single-industry urban settlements with specialization in "risk group" sectors. These are, for example, the Ivanovo Region (textile industry), Sverdlovsk and Nizhny Novgorod Regions (mechanical engineering).

(3) It has been forecast that liberalization of foreign trade and successful integration into the global economy could accelerate economic growth and

reduce poverty in Russia. Some experts estimate that 5% reduction of import tariffs for non-food items in eight commodity groups will give the Russian consumer a per-capita gain of 540 rubles a year, and an average family of three will gain 1600 rubles a year. In terms of gender analysis the crucial issue is how this gain will be allocated among different gender and age groups. There is no guarantee that this consumer advantage will be available to women (and men) who are poor and to people of pension age, who have a lower share of nonfood items in their expenditure structure. In view of the feminization of poverty, now occurring in Russia, and the higher share of women pensioners, there is a threat that the consumption due to the WTO will not have a significant impact on well-being of these groups.

8. Level and gender differences in rates of mortality from accidents, traumas, homicide, suicide, and alcohol abuse (number of deceased per 100,000 people of respective genders).

The content of other MDGs and all the targets formulated under these goals imply their examination in the context of gender analysis. This entails a need for rapid development of a set of gender-sensitive indicators to measure progress in attainment of each MDG and each target.

### Box 3.3. Gender aspects of pension reform

Gender inequality in current Russian pension provision is due to national pension legislation, which sets different norms for men and women, and does not take account of differences in life expectancy and of the spheres where women tend to be employed due to specific features of legislation, cultural traditions and gender roles accepted in our society.

The principal gender inequality authorized by Russian pension legislation is related to different retirement ages for men and women (respectively, 60 and 55 years). The formula for calculation of the insurance pension amount is uniform for men and women with no account for the difference of their pension ages and life expectancy, effectively infringing male pension rights.

Current gender inequality in employment is related to labor legislation (e.g. restriction of female employment in harmful jobs), and various discriminatory practices and stereotypes. The stereotypes mean that a woman's career is more likely to be interrupted by unpaid/uninsured periods (nursing leave, personal leave, etc.). It is also important to note that gender differences in labor remuneration mean that women make considerably smaller contributions to the Pension Fund than men, so the amount of their pension accruals is smaller when they reach pension age.

Hence, Russia has all the prerequisites for significant gender inequality in pension insurance. However, due to historical features of the development of Russia's national pension system, the average ratio of men's to women's pensions<sup>17</sup> has remained close to one up until now. This is because most current pensioners receive pensions earned under the old system, when there was virtually no linkage between pension level and earnings and labor record.

The new pension system will be more sensitive to inequality in employment and legislation, since pension amounts will be more strongly tied to earnings throughout a person's work life. The more time passes from the first year of pension reform, the greater will be the impact of those factors. Calculations<sup>18</sup> assuming that new pension legislation is kept as it is, and that labor market and life expectancy trends continue as they are (base scenario), suggests that the female-to-male pension ratio in 2015 will be 87%, and will fall to 50% by 2050.

Realization of Russia's commitments within the MDG (higher male life expectancy and closing of the gender gap in labor remuneration) should reduce gender inequality in pension provision. The extent of possible reduction can be measured by a model that assumes gradual equalization of life expectancy

## 3.7. CONCLUSIONS AND RECOMMENDATIONS

By analyzing the gender situation in Russia from the viewpoint of MDG achievement we can identify the most pressing problems of gender equality in Russia and define priority tasks, whose implementation will expand human development potential for men and women in the MDG context. The implementation of a balanced state gender policy is still in the future. But we can already identify promising approaches to gender equality and, thus, to attainment of MDG 3. The most significant of these approaches are the following:

- create an efficient national mechanism for promoting gender equality;
- perform a mandatory gender review of existing national legislation, of laws and regulations, which are currently in preparation, and of programs for socio-economic development of the Russian Federation;
- overcome the traditional stereotypes of rigid gender roles and promote notions of social justice in allocation of power and responsibility among women and men at the family level and throughout society;
- Apply the concept of “the priority of the interest of the catch-up gender” in formulating state gender policy in specific spheres, including access to resources and property, and in the spheres of decision-making, demographic policy, health, etc;
- improve gender statistics monitoring the status of men and women in all spheres, make international comparisons, ensure information control and performance analysis of government decisions concerning equal rights and equal opportunities;
- increase female participation in legislative and executive branches at federal and local levels;
- eliminate direct and indirect forms of discrimination against both women and men, develop gender-specific measures to ensure



genuine equal opportunities, eradicate discriminatory labor and employment practices;

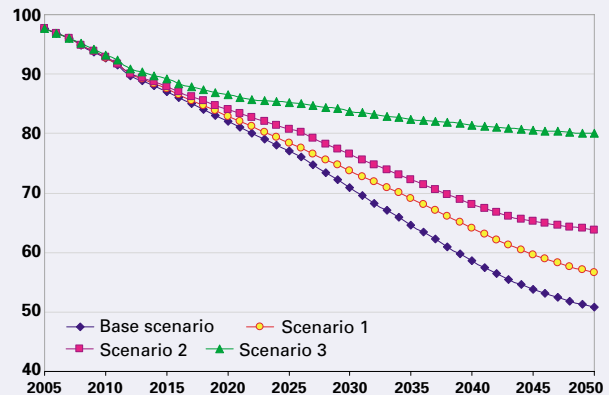
- create effective mechanisms to prevent violence against women in the form of a broad network of crisis centers, refuges and hotlines (also for men); develop methods of working with men who are inclined to domestic violence;
- reduce the effect of unfavorable socio-economic conditions on health and life expectancy, especially male;
- in the sphere of education, take measures to reduce gender segregation of students by speciality, in order to reduce labor segregation and close the gender gap in labor remuneration;
- coordinate the main constituents of state gender policy with sectoral and regional socio-economic development programs, and with state budget policy at federal and regional levels;
- implement state gender equality policy at the federal and regional levels: allocate required budget resources for fulfillment of the National Action Plan (at the federal level), and for realizing gender priorities in line with regional specifics (at the level of subjects of the Russian Federation).

(Scenario 1) and of labor remuneration (Scenario 2) for men and women, all other things being equal. The dynamics of these scenario parameters by future years are given in the table, and projections for the male-to-female pension ratio are given in the figure.

**Scenario parameters of pension system model**

Projection year	Female-to-male wage ratio	Female-to-male life expectancy ratio
2004	0.64	0.83
2005	0.66	0.84
2006	0.67	0.85
2008	0.70	0.87
2010	0.73	0.90
2012	0.76	0.92
2014	0.79	0.95
2016	0.82	0.96
2020	0.88	0.96
2030	0.95	0.96
2050	0.95	0.96

**Projections of average women-to-men pension ratio**



According to the calculations, even realization of optimistic MDG plans for alignment of life expectancy and wages of men and women cannot resolve the problem of gender inequality in pension insurance by 2015, since such a period is not long enough to change the inertial pension system. However, positive results are possible in a longer term: reducing gender differences in life expectancy could increase the men-to-women pension ratio by 6% in 2050, and aligning wages could increase it by 13%.

Gender differences in pension levels are also a function of the difference in retirement age between men and women, since the latter difference means that men pay contributions for longer than women. A higher pension age for women in the future could increase their pension levels. Calculations suggest, for example, that raising the retirement age for women to 60 years by 2015 (together with the other two scenario parameters) could reduce the gender difference in pension amounts by 30% (Figure, Scenario 3). In that case female pension levels could be 80% of male pension levels by 2050.

Further reduction of gender differences in pension levels could be obtained by state reimbursement of lost pension contributions due to periods of socially-useful but unpaid/uninsured activity, as well as by attainment of equality in gender division of labor in the public and private sectors.

**Prof. V.N. Baskakov**

### Box 3.4. The official view of gender issues in the Russian Federation

Awareness of gender problems has increased over the last five years, both in state bodies and in society as a whole. Gender aspects are now taken into account, to a greater or lesser extent, in state programs for employment, healthcare, youth and family policy.

Problems of gender equality have become the subject of broader discussions at various levels of governance, facilitating attention to the needs of men and women in conduct of socio-economic policy.

The last five years have seen growth of gender education, including education of public servants, continued development and implementation of gender statistics, more active research in the gender field, an increasing number of gender experts in practically all humanitarian fields, and a general growth of awareness.

This new level of understanding of gender equality in Russia is expressed in the Government's Gender Strategy, which reflects issues of the status of both women and men, where state intervention is needed, and proposes measures to improve the situation. The Gender Strategy is the first such document ever prepared in the Russian Federation<sup>19</sup>, it creates a conceptual basis for implementation of specific measures to attain gender equality in each subject of the federation and facilitates a uniform state gender policy.

The process of Strategy drafting has increased coverage of women's problems in mass media, particularly as regards social and labor issues, prevention of violence against women and trafficking in persons. The activities of federal executive bodies and RF subjects have become more gender-integrated.

However, much remains to be done. The Gender Strategy should be adopted as an official document promoting gender equality. That will enable introduction of the concepts of "gender" and "gender approaches" to official Russian political language, and pave the way for specific gender development programs in subjects of the Russian Federation.

Development of civil society, with the women's movement as its important constituent, is among state policy priorities and is given all possible support by the state. In recent years women's organizations have accumulated experience in gender analysis of legislation and financial and economic policies, proposed measures to prevent violence against women and trafficking in persons, and organized numerous conferences, workshops, courses, schools, and educational programs on the issue of gender equality. Many women's organizations have become reliable partners of local executive authorities in the implementation of regional action plans to improve the status of women. This major activation of the women's movement in recent years is proof of its growing political and social potential.

Work is now underway to work out a National Gender Equality Mechanism, which can meet current needs. The first step towards its institution was the Order of the Ministry of Health and Social Development No. 399 of May 16, 2005 to set up the Coordination Council for Gender Issues, which includes representatives of women's organizations and leading departments of the Ministry of Health and Social Development of Russia. An Inter-departmental Commission for Gender Equality in the Russian Federation is in the process of formation.

**Ministry of Health and Social Development  
of the Russian Federation**

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- 17 It should be noted that the men-to-women average old-age pension ratio is just one of the possible criteria for assessing gender equality in pension insurance. An alternative could be the amount of "pension transfer" from men to women, comparison of the extent to which they replace wages, etc.
- 18 These and further calculations were based on the Russian pension system analytical model developed by the Independent actuarial information and analytical center.
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Table. MDG Goal 3. Promote gender equality and empower women

MDG targets	MDG targets adapted for Russia	MDG performance indicators	MDG performance indicators adapted for Russia	Current Russian Indicator	Target Russian indicators for 2015
1	2	3	4	5	6
Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels no later than by 2015	X	Ratio of girls to boys in primary, secondary and third-level education	X	In school year 2003/2004 50% of general school students were girls and 50% were boys; 57% of students in higher institutions were women and 43% were men	Among students of: - general school: girls 50%, boys 50% - higher school: women 50%, men 50%
	X	Ratio of literate women to literate men in the 15-24 age group	X	Illiteracy ratio (2002): - women 0.8%, - men 0.3%	Ratio of literate women to literate men in the 15-24 age group should be 50:50
	X	The proportion of women in non-agricultural wage employment	X	In 2003 the share of women in non-agricultural wage employment among all working women was 92.5%, and the share of women among all people in non-agricultural wage employment was 49.8%	
	X	The proportion of women in National Parliament	X	The share of women in the State Duma is 9.8%	The share of women in the State Duma should be 50%.
X	Equalization of access to political institutions for men and women	X	Share of seats occupied by women in: the National Parliament (State Duma), RF Government, Constitutional and Supreme Court	The share of women in the State Duma is 9.8%. Representation of women in RF Government is zero	The share of women in the State Duma should be 50%, in RF Government 50%, in the Constitutional Court and the Supreme Court 50%.
	Eliminate discriminatory practices in labor and employment	X	Gender wage differences	Average wages of women are 64% of those of men (2003.)	Average wage of women should be 80% of that of men.
	Create effective mechanisms of preventing violence against women	X	Number of cases of violence against women registered by social protection institutions and police	In 2003 official statistics registered 5800 cases of rape and 1420 complaints of violence against women.	Number of rape cases should be zero
	Reduce the impact of unfavorable socio-economic factors on health and life expectancy, especially male	X	Life expectancy of: women, men. Gender life expectancy difference	Life expectancy of women - 72 years, of men - 58.8 years. Gender life expectancy difference 13.2 years (2003)	Life expectancy of women should be 74 years, of men 71 years. Gender life expectancy difference should not exceed 3 years
			Reduction of total employment in harmful and dangerous labor conditions and gender differences therein	In 2003 the share of men employed in conditions, which did not meet sanitary and hygiene requirements, was 28.6%, the share of women was 16.3%.	
			Level and gender differences of mortality from accidents, traumas, homicide, suicide, alcohol abuse (number of deceased per 100,000 people of respective gender)	(2003) Women - 77 Men - 321	



# Reducing child and maternal mortality. MDG+ for health

## 4.1. INTRODUCTION: DEMOGRAPHIC SITUATION IN THE RUSSIAN FEDERATION

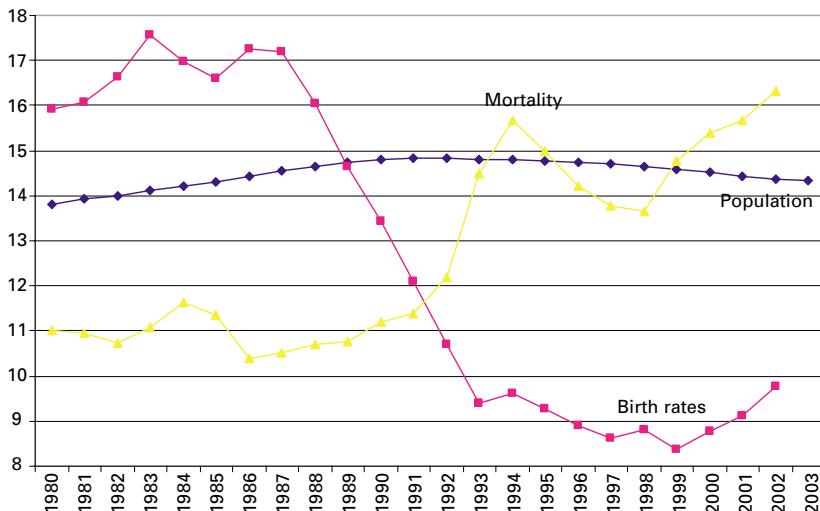
Reproductive health in Russia has attracted much interest, particularly regarding declining birth rates, which have implications for the labor market and social security provision, and for depopulation of strategic areas.<sup>1</sup> Maternal and child health figures are often seen by the government not so much as an indicator of overall poor health, but as key to solving a demographic crisis. However, despite importance of the reproductive and child health, potential, demographic effect from improvement of their indicators will be minimal compared with even slight improvement of Russia's catastrophic indicators for premature death among adults of working age. In this

Chapter we will try to highlight some important health indicators and consider them in the context of the MDGs, taking account of the current unfavorable health situation in Russia.

Russian and international experts have devoted much argument and research to decline of the birth rate and fluctuation of the mortality rate since the 1980s (Figure 4.1). This combination of demographic factors has produced negative population growth in Russia, and in the second half of the 1990s this trend ceased to be compensated by registered immigration. Potential consequences of current demographic trends for politics, economics and security have roused concerns of various political groups and sections of Russian society.

There is no consensus about causes of the two mortality rises in 1994 and after 1998. The majority of experts blame a combination of factors, including social<sup>2</sup> and economic factors<sup>3</sup> and behavioral changes, particularly increase in alcohol consumption.<sup>4</sup> What is more important for purposes of setting appropriate health targets is that mortality rates in Russia, even when declining, are much higher than in developed western countries and countries with the same level of average income per capita, and in many cases are higher than in the former republics of the Soviet Union. Since birth rates are relatively similar to those in western countries, but mortality is atypically high, it is the latter that calls for urgent measures.

**Figure 4.1. Birth and crude mortality rates per 1000 persons, and population in tens of millions, Russia, 1980-2003.**



**B**irth rates are often mentioned in debates about depopulation. However, the technologies for increasing birthrates of native populations are far from clear, with high cost of stimulating measures, e.g. social benefits for mothers, and low effect of regulative measures. Even in the most totalitarian years of the USSR, the 1930s, restriction of abortion led to no more than 8% increase in birth rates, and more recent attempts have failed completely.<sup>5</sup> The latest decline in birth rates in Russia started in 1987, marking the beginning of what is called the second demographic transition, characterized by complete decoupling of reproductive behavior, sex and family. However, the birth rate has shown a rising trend since 2000. These fluctuations of the birth rate have probably been influenced by change of Russia's social foundations at the end of the 1980s and the beginning of the 1990s, and the somewhat lower numbers of potential parents born in the late 1960s. Before the collapse of the Soviet Union there was a significant contribution to population reproduction from people marrying at the age of 20. This was related to marriages at a relatively early age, immediately after military service. Significant social benefits, such as the opportunity to obtain separate apartments or social welfare, were substantial incentives for early procreation. The new economic reality has forced people to postpone procreation until a later age, when the parents can afford separate accommodation, complete their education and carve out their career, or until the "now or never" stage. In addition the cohort of women in some age groups important for reproduction has been somewhat smaller throughout the 1990s. Hence a couple of factors can help explain the birth rate upturn in the last few years: many couples who had previously postponed child-bearing reached the age of 30 in 2002-2003 and simultaneously a large cohort born around the mid-1980s started to attain early reproductive age.

**M**igration is the third process determining the demographic situation and somewhat offsetting population decline in Russia. Uncontrolled or inappropriately controlled immigration might aggravate the social situation, affect human rights and would definitely lead to health problems. Reliable statistics on illegal and temporary immigrants are not available, but it can be assumed that they are among the most vulnerable groups in Russia.

## 4.2. MDG 4, TARGET 5. REDUCE BY TWO THIRDS, BETWEEN 1990 AND 2015, THE UNDER-FIVE MORTALITY RATE

### 4.2.1. INTRODUCTION: TARGET UNDER-FIVE MORTALITY LEVEL FOR RUSSIA IN 2015

**T**he Millennium Development Goals adopted by the international community in 2000 include a target to reduce under-five mortality rates by two thirds in 2015 com-

#### **Box 4.1. Defining and measuring under-five mortality**

Under-five mortality is defined as the probability of dying between birth and exactly five years of age, expressed per 1000 live births. It largely consists of infant mortality, i.e. deaths in the first year of life, as risk of death declines after the first weeks of life. However, even such a broadly used term as infant mortality is quite ambiguous. Although the definition of death itself is relatively straightforward, the concept of live birth varies radically in Russia and some other parts of the former Soviet Union compared with most other countries.

The WHO definition of live birth, adopted in 1992, is

"The complete expulsion or extraction from its mother of a product of conception, irrespective of the duration of the pregnancy, which, after such separation, breathes or shows any other evidence of life, such as beating of the heart, pulsation of the umbilical cord, or definite movement of voluntary muscles, whether or not the umbilical cord has been cut or the placenta is attached."

The Soviet definition of life birth, which still predominates in most of the former Soviet states, excludes cases when infants are born at less than 28 weeks, weighing less than 1,000 grams, or less than 35 centimeters in length if they die within seven days. It should be noted that gestation age quite hard to determine precisely, allowing obstetricians to tailor it as needed. In addition breathing was the only criterion of life in Soviet times, and this still obstructs introduction of the WHO definition. These differences mean that many infant deaths in Russia and some of the former Soviet republics are not recorded. The situation is further complicated by use of various formulas in certain countries to account for the fact that some infants born this year die next year. Cases of modifying definitions and even manipulating statistics to meet propaganda needs are instructive in themselves. Monitoring achievement of any targets in Russia is complicated, as in the case of infant mortality, and might lead to manipulation of data rather than to improvement.

pared with 1990. In Russia, where the level of child mortality was 21.5 per 1000 in 1990, this would mean a reduction to 7 per 1000 a quarter of a century later. This level was registered in 2000 in Israel and in 2002 in Estonia, and is somewhat higher than the European Union average (5.6 in 2000-2002).

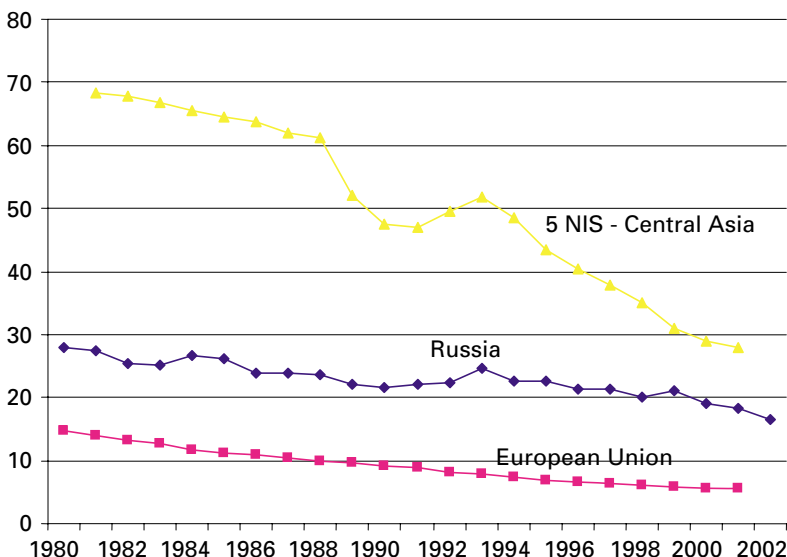
#### 4.2.2. UNDER-FIVE MORTALITY: COMPARING ACROSS COUNTRIES AND TIME

**R**isk of death under five in Russia was 16.5 per 1000 live births in 2002 compared to less than 6 in the European Union (Figure 4.2). The fall in under-five mortality in Russia is, however, quite remarkable as the indicator stood at almost 28 per 1000 in 1980. The indicator is somewhat higher if WHO's corrected estimate is used: 17 per 1000 and 18.6 per 1000 for boys alone. It is also noteworthy that a number of studies report that the same causes which lead to child mortality cause significant but poorly reported disability in childhood.<sup>6</sup> When looking at the issue of mor-

tality it is important to keep in mind that we only see the tip of the iceberg in terms of burden, as only a small percentage of cases causing disease or even disability lead to well recorded outcomes, such as death. Many conditions leading to important outcomes, e.g. blindness, mental or locomotive disability, are not systematically recorded in a way enabling in-depth exploration.

**T**he level of under-five mortality is declining in Russia largely as a result of falling infant mortality. The problem of under-five mortality is most severe in the very poor countries of sub-Saharan Africa, due to high infant mortality rates and to malaria and other gastrointestinal and respiratory infections. For instance, in one study, diarrhea, acute respiratory infections and fever from unknown origin accounted for up to 50% of the under-five deaths in an African country.<sup>7</sup> Malnutrition and vaccine preventable diseases, largely measles, account for a large part of child mortality. The problem also exists in some parts of the former Soviet Union, e.g. in Turkmenistan, where under-five mortality is 98 per 1000 live births<sup>8</sup>.

Figure 4.2. Under-five mortality rates in Russia, European Union and 5 former Central Asian Soviet republics, 1980-2002.



Source: WHO HFA, 2005. [www.who.dk](http://www.who.dk)

**R**isk of infant mortality is strongly associated with low birth weight. Birth weight has been shown to be an important determinant of foetal outcome, with both neonatal mortality (deaths within the first 28 days of life) and postneonatal mortality (deaths between 29 days and 1 year) climbing steeply as birth weight falls below 3000 g.<sup>9</sup> The registered cause of nearly 50% of infant deaths in Russia is "complications in the perinatal period" and another quarter of infant mortality is associated with congenital abnormalities. According to official statistics, another 10% of infant deaths are put down to respiratory diseases, and injuries and gastrointestinal conditions each account for 6%.<sup>10</sup> However, it must be noted that these causes are poorly



defined, particularly the biggest group of “perinatal complications and conditions”, and require systematic epidemiological investigation.

### 4.2.3. EXPLORING UNDER-FIVE MORTALITY IN RUSSIA

**R**esearch has shown that under-five mortality consists mainly of infant mortality, but information on child mortality in Russia is far from exhaustive and study of mortality in the one to five age group is insufficient. (Box 4.2)

**T**wo well-known and highly important facts concerning infant mortality in Russia are that rates are declining and that rates cannot be directly compared with western countries, because they are understated<sup>12,13</sup> by about one third mainly by recording of very low birth-weight deaths as stillbirths and miscarriages.<sup>14</sup> This is important since around 80% of under-five deaths are infant mortality (in the first year of life), so levels of under-five mortality in Russia will tend to be underestimated as well. Causes of infant mortality are routinely recorded, but there is little data on the other 20% of deaths between ages of one and five. Some limited evidence suggests that a significant contribution to the later child deaths in Russia is made by injuries, with biggest gap in mortality as compared to the Western Europe accounted for by drawings<sup>15</sup>.

### 4.2.4. RANGE OF STRATEGIES TO REDUCE UNDER-FIVE MORTALITY

**A**s birthrates have declined since 1987 in Russia, sectors threatened to have the funding reduced due to smaller workloads have adopted defensive strategies. These sectors include obstetrics, pediatrics, educa-

#### Box 4.2. Issues of terminology and data

Although under-five mortality is monitored by WHO, it is not a valid Medical Subject Headings (MeSH term) used in biomedical publications search engines such as MEDLINE.<sup>11</sup> Instead two MeSH terms overlapping with under-five mortality are recognized: “Child Mortality” defined as deaths of children between one year and 12 years of age and “Infant Mortality”, which encompasses all deaths that occur within the first year of life and excludes foetal death (miscarriages and abortions). Infant mortality again overlaps with perinatal mortality, representing deaths occurring from the 28th week of gestation to the 7th day after birth, neonatal mortality, representing deaths from birth to 27 days after birth, and post-neonatal deaths, occurring between 28 days and 365 days after birth.

There is no single paper cited in MEDLINE published in scientific biomedical journals on the issue of under-five or even child mortality (from 1 to 12 years of age) in Russia! Even studies of infant mortality in Russia are relatively scarce with only 80 MEDLINE citations in the period 1990-2005, and most of the publications in Russian are limited to comparing trends and aggregate statistics across regions.

tion and the military. The obstetric service reacted by increasing duration and rates of hospitalization during and following pregnancy, over-diagnosing threat of miscarriage and over-medicalizing the reproductive process, with some regions reallocating a half of maternal beds for pregnancy complications.<sup>16</sup> The pediatric service has reacted in similar fashion: the age of those under surveillance was increased to 18 years, alleged quasi-universal poor health among children was used as an excuse for placing more children under observation, and necessity of dispancerisation (screening for any diseases in general populations via checkups carried out by groups of narrow specialists) was argued, over diagnosing of often non-existing diseases became common, government and society are threatened with myopia and scoliosis epidemics.

**D**iscussions of MDG 4 may be used by advocates of separate pediatric services to raise their agenda. Pediatric service, despite importance of controlling vaccine preventable diseases, probably has zero to minimal potential influence on under-five mortality in Russia because perinatal deaths (in the first 7 days of life), which account for nearly two thirds of all under-five deaths in Russia, usually happen in obstetric units. The major arguments for downsizing pediatric services and introducing a system centered on GPs are control of com-

### Box 4.3. "Yes" to reform of primary medical care, "No" to exclusion of pediatricians from the primary level

Will medical provision for children benefit from the reform, by which primary health care for children will be provided by a general practitioner and not a specially qualified pediatrician?

It is important to remember that the character and specifics of the child health care system in Russia are a legacy of the country's social, economic and cultural development. This relates particularly to the social nature of Russian medicine and the concept of community self-government seen most clearly in rural health care. The Russian rural health system, including easy access to unpaid care, a prophylactic approach and use of district doctors, was the basis of the Soviet state system of child health care (the first such state system in the world). The system was notable for the fact that, for the first time in the world, primary health care to children was provided by experts specially trained for that task in medical school.

We believe that transfer of primary pediatric care to general practitioners would be premature in Russia at the present time. The reasons for this are as follows:

1. We are not convinced by reasoning based on the fact that the general practitioner system exists in all countries except Russia (notably in other European countries), since there is no convincing evidence of superiority of European standard primary health care. Better indicators of population health and quality of medical care in western countries are conditioned by living standards in those countries, more generous financing of health care, and organization of the physician's job, which ensures that he has an interest in doing that job well.

2. Many people abroad consider the general practitioner system to be far from optimal.

3. In an increasing number of European countries, and with increasing frequency, primary health care for children is being provided by pediatricians, i.e. there is a tendency towards primary child health care on the Russian model.

4. Russia currently lacks infrastructure for implementing family medical care and financing for transition to a general practitioner system has not been put in place. The main financing problem is where to find money for increasing salaries to general practitioners, retraining district doctors and pediatricians, and equipping general practice offices.

5. The skill level of a general practitioner in matters of pediatrics will be always lower than that of a pediatrician. In the USA most diagnostic and tactical mistakes in medical care of children are made by family doctors.

6. The social component of the reform cannot be overlooked. It will cause pediatricians to become narrow specialists, creating a risk of commercialization and drop in availability of pediatric care.

However, some restructuring of Russian primary health care to children is undoubtedly needed, since a critical mass of problems have accumulated in the sector. Our proposals, in the context of the problem being discussed in this Chapter, are as follows:

1. To create a general practitioner service for (a) the adult population, and for (b) remote and sparsely populated regions, where such a practitioner would serve both adults and children.

2. To use, as an alternative, the group (team) method, by which primary medical care is provided by a group of medical specialists – general doctor, pediatrician, obstetrician-gynaecologist.

3. To give the profession of "district pediatrician" (initial-contact pediatrician, general-practice pediatrician) legal status as an independent profession.

4. To train pediatricians for work in primary medicine at specialized departments of medical training institutions (social and polyclinic pediatrics, ambulatory pediatrics, family pediatrics).

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plex chronic diseases, many of which are rooted in childhood, and changing the incentives system to stimulate efficiency and orientation towards health rather than supplier-induced demand, e.g. administering the greatest possible amount of lucrative but often ineffective treatments. However, these arguments relate to the MDG+, which will be presented at the end of this Chapter.

Birth weight is a largely socially-associated variable considered to be single most important determinant not only of poor perinatal outcomes but also of health in later life. In an earlier study carried out in the Tula Region we have attempted to explore whether socio-economic factors leading to low birth weight are mitigated by effective perinatal care. To illustrate this we have compared outcomes according to birth weight in Tula with data from Sweden, the country with the lowest perinatal mortality in Europe, for 1998, the most recent year for which we had access to the relevant data (Sveriges Officiella Statistik 1998) (Box 4.4).

Our findings essentially demonstrate that improvement of obstetric and perinatal technologies can have a major effect on all under-five mortality. Obstetricians and perinatologists have a key role in Russia. There is a clear need to improve pregnancy, delivery and postnatal care, including promotion of evidence-based methods and procurement of effective pharmaceuticals and equipment.

Improvement of care provision to children after discharge from maternity units will probably have little effect on under-five deaths, since a significant part of child mortality (around 40% in 1995) seems to be from external causes,<sup>17</sup> such as injuries, poisonings, drowning and suffocations, which are prevented by safer environment, with outcomes little influenced by treatment. By comparison, respiratory infections cause less than 30% of under-five deaths, infectious diseases less than 10% and cancer around 5%, and is not clear whether better medical care or social conditions would significantly improve the situation. Vaccine preventable diseases are a major public health issue, but such diseases currently seem to be under control in Russia, although efforts are needed to ensure updating of vaccination

schemes and keeping coverage high. These points suggest that Russia has an extensive, fairly up-to-date health service, so that simplified approaches such as the ICDS (Integrated Child Development Service), proposed by the international community, have limited application except to help improve economic efficiency, reduce ineffective interventions and promote simple but important measures which tend to be overlooked precisely because of their simplicity, e.g. oral rehydration.

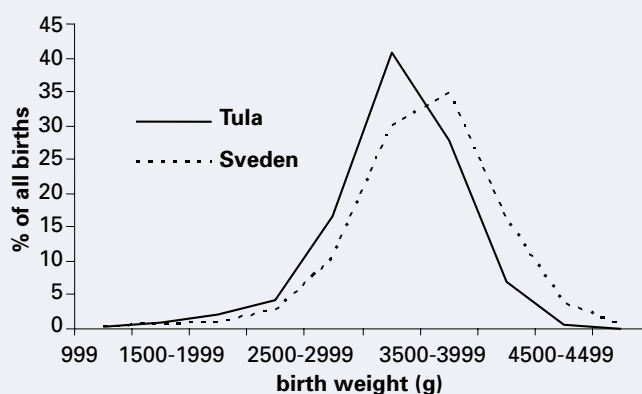
#### 4.2.5. POTENTIAL EFFECT OF ACHIEVING MDG 4

A study examining appropriateness of the health MDGs for Russia, looking at effects of their achievement on life expectancy at birth, found that the effects would in fact be relatively small.<sup>18</sup> It was calculated that achieving reduction of infant mortality and mortality in one-to-four year olds by two thirds, as per MDG Target 5, would add 0.76 years and 0.17 years to life expectancy respectively. However, such a reduction is not easy to achieve. It is worth noting that even if all Russian regions succeeded in achieving levels of infant and one-to-four year mortality equal to current levels in the best regions of the country, the increase in national life expectancy would be less than one month. By comparison, a 20% reduction of largely avoidable adult mortality would cause increase of life expectancy by two years.<sup>19</sup> In order to emphasize the point: there are about 17-18,000 under-five deaths in Russia annually, of which 15,000 are infant deaths, but there are 1,200,000 deaths due to circulatory problems in the population as a whole and 270,000 deaths due to external causes, and many of the fatalities, which make up these two last statistics, are premature and avoidable.

#### 4.2.6. FEASIBILITY OF ACHIEVING MDG 4

The overall trend of under-five mortality in the last 20 years of the 20th century would not allow Russia to reach the Target 5 level of 7 per 1000 as defined in the Millennium Development Goals. However, the trend in the first years of the 21st century looks more encouraging (Figure 4.3). The white line on the graph below shows the most optimistic scenario (starting from the elevated level of 1999), but it is reasonable to believe that further economic growth and further improvement of antenatal and perinatal services could enable the target level to be approached, if not reached, in Russia by 2015. On the other hand, if economic growth stagnates, some elevation of under-five mortality can be expected, as seen after the collapse of the Soviet Union and the economic crisis of 1998. It is noteworthy that some of the Eastern European countries, e.g. Czech

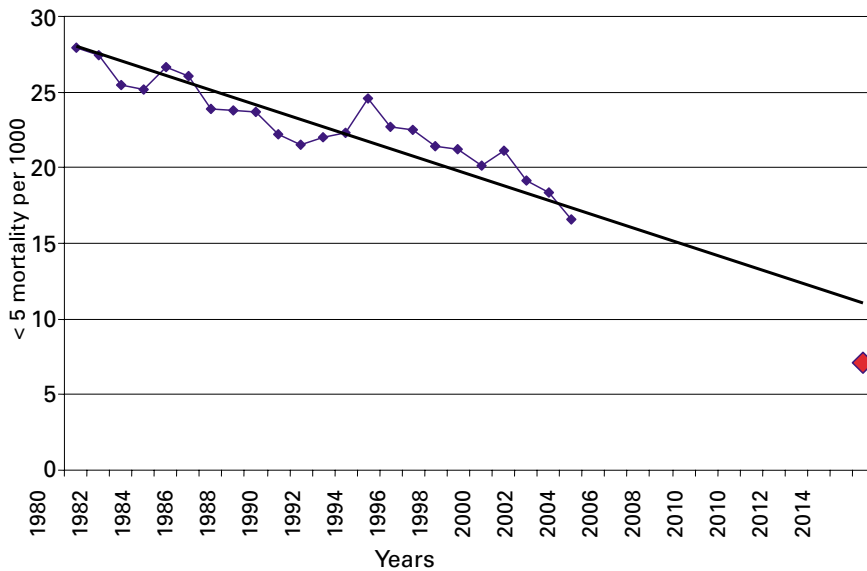
Box 4.4. Distribution of birth weight in Tula Region (2000) and Sweden (1998)



The distribution of birth weight in Tula is shifted to the left compared with that in Sweden. This is clearly a result of smoking and alcohol consumption (also leading to foetal alcohol syndrome) during pregnancy, as well as poor nutrition and other socio-economic and behavioural factors (it should be noted in passing that major gradient in risk of child death in Russia depending on variations of income, education, marital status of parents and regional differences emphasize inequality in Russia and the importance of social factors). The question is whether the adverse birth weight distribution in Tula compared with Sweden explains higher perinatal mortality in Tula. This question was addressed by applying the birth-weight specific perinatal mortality rates in Tula to the distribution of birth-weight in Sweden. Doing so yields a birth weight-adjusted figure of 14.4/1000 births, which is almost three times as high as the Swedish figure of 5.4/1000. The conclusion is that, notwithstanding the need to improve the birth weight distribution, the main mortality factor is the rate of survival of babies once born.

## Chapter 4

**Figure 4.3. Under-five mortality per 1000 in Russia in 1980-2002, the trend in 1980-2000 (straight line) and in 1999-2002 (twisting line) and the target value in 2015 (diamond).**



Republic, Poland, Hungary, Slovakia and Estonia are already at levels similar to what Russia should aim to achieve in 2015.

Russian under-five and infant mortality rates have been improving since the mid-1990s and are much lower than in developing countries. Drastic change as suggested in MDG 4 is impossible in developed countries, which have already carried out most of the achievable reduction, and two-thirds reduction will also be complex and costly for Russia. Even 50% reduction seems rather ambitious for transition countries.

### 4.2.7. SUGGESTIONS FOR INDICATORS

Infant, perinatal, and neonatal mortality are important indicators. There is a need to change the way they are evaluated in Russian regions: infant mortality is a relatively rare event in most localities, making it hard to draw statistically significant inferences

regarding trends on a monthly and, in most cases, even on an annual basis. Regional health officials are often unfamiliar with probability theory, and may draw far-reaching conclusions from chance fluctuation of small quantities: most obstetric services deal with less than 1000 births per year, suggesting about 15 infant deaths on average, and any “trends” may well be chance variations with no statistical significance. Monitoring of birth weight trends and birth weight adjusted outcomes can allow better evaluation of performance of medical and social systems, but, again, large enough samples are needed.

Given relatively low probability of infant death, it is important to carry out independent investigation of reasons and causes, but this is complicated by corporatism of the medical profession, the system of medical records, and lack of access for relatives to maternity units. Improved access for relatives and friends to labor and delivery rooms is not only a medically evidenced beneficial practice,<sup>20</sup> but can help to improve the service through better lay-person control. A cheap and effective way to monitor performance of maternity services is a “near-miss” approach,<sup>21</sup> which explores significant and potentially life-threatening complications, which did not in fact lead to death. However, this methodology is new, not fully developed and requires additional studies. Achievement of MDG 4 in Russia requires improvement of obstetric and perinatal technologies, and monitoring of processes and methods in maternity units in addition to outcome-based evaluation.

Birth-weight specific perinatal death rates deserve to be proposed as the main indicators for under-five mortality. Such an indicator helps to separate effects of complex social influences and smoking during pregnancy from medical care per se. In addition,

comparison of death rates at lower birth-weight levels can be helpful in identifying under-reporting of perinatal mortality overall. (Appendix 4.1. Table).

#### 4.2.8. CONCLUSIONS ON MDG 4

**P**erinatal deaths constitute the bulk of under-five mortality; hence, addressing this indicator offers greatest potential for achieving MDG 4. There is a clear need in Russia to improve survival of newborns through developing modern standards of obstetric care (antenatal and perinatal) and to provide better support to women to ensure proper levels of nutrition and healthy behavior from the pre-conception stage (mainly in relation to smoking, alcohol and safer sex) in order to lower perinatal death rates. It is also necessary to ensure implementation of the WHO definition promoted by the Ministry of Health and Goskomstat joint decree 380/190 from April 4, 1992, which is still not adhered to. Other causes of child mortality, at ages above infancy, require careful and detailed epidemiological investigation.

**I**t is important not to “let the tail wag the dog”, since infant and under-five mortality rates are, first and foremost, indicators of functioning of healthcare and other governmental welfare institutions. However, it would be a mistake to overemphasize the importance of lowering infant or under-five mortality, because its achievement will not lead to drastic improvement in population health in transition countries and might distract society and the Government from other more important tasks, including reduction of adult mortality. We should also bear in mind that manipulation of infant mortality data has occurred frequently in Russia in the past, and if significance of this indicator is overempha-

sized there will be an even greater risk of figures being manipulated.

### 4.3. MDG 5, TARGET 6. REDUCE BY THREE QUARTERS, BETWEEN 1990 AND 2015, THE MATERNAL MORTALITY RATIO

#### 4.3.1. INTRODUCTION: TARGET MATERNAL MORTALITY LEVEL FOR RUSSIA IN 2015

**M**aternal mortality in Russia in 1990 was 47.4 per 100,000 recorded live births, slightly lower than in the preceding and subsequent seven years (apparently due to

**Perinatal deaths constitute the bulk of under-five mortality; hence, addressing this indicator offers greatest potential for achieving MDG 4. There is a clear need in Russia to improve survival of newborns through developing modern standards of obstetric care (antenatal and perinatal) and to provide better support to women to ensure proper levels of nutrition and healthy behavior from the pre-conception stage (mainly in relation to smoking, alcohol and safer sex) in order to lower perinatal death rates.**

chance fluctuation). In order to reach the goal of 75% reduction the level in 2015 would have to be no higher than 11.8 per 100,000 live births, which is still above the level of Hungary (8.3) and Estonia (7.7) in 2002.

#### 4.3.2. DEFINING AND MEASURING MATERNAL MORTALITY

**M**aternal mortality ratio is “the number of women who die as a result of child-bearing, during the pregnancy or within 42 days of delivery or termination of pregnancy,

irrespective of the duration and the site of the pregnancy, from any cause related to or aggravated by the pregnancy or its management, but not from accidental or incidental causes," and it is usually estimated per 100,000 live births during that year. However, it is often difficult to establish a link between pregnancy and death, as death during pregnancy may be due to aggravation of pre-existing conditions or other risk factors. Use of different formulas and chance variation in small absolute numbers of deaths in developed and transitional countries makes maternal mortality rates hard to compare across years and countries. Issues of under-reporting are common even in places with established and well-functioning surveillance systems.<sup>22</sup>

**M**aternal mortality has a somewhat different meaning in Russia than in other countries. Throughout the 1990s there were about two abortions per birth or at least 2 million abortions annually, and despite rapid decline in abortion numbers still over half of pregnancies are still terminated. Around a quarter of maternal deaths are abortion-related. As only about one in three pregnancies leads to birth, this significantly diminishes the denominator of the equation, i.e. the number of women in the risk group. Even though abortions involve four times less risk of maternal mortality than birth, their sheer numbers distort the statistical comparison.

**O**verall, maternal mortality in Russia is a rare event prone to chance variation. Assuming a level of 8.77 live births per 1000 population (as in 2000) and maternal mortality rates between 40 and 60, there would be about 520-780 maternity-related deaths per year in Russia. In 2002 there were 470 maternity-related deaths, representing maternal mortality of 33.6 per 100,000. However, if we exclude abortion-related deaths, the number will be only 350. This brings maternal mor-

tality from non-abortion related causes down to 25 per 100,000 live births. If, however, we take the ratio of maternal deaths per 100,000 pregnancies rather than live births, the value would be even lower at 14.6. The usefulness of such indicators in Russia can be argued as no other country in Europe, and probably in the world, has such a high ratio of abortions to births. For comparison, there are a little more than 2 abortions per 10 births in the European Union.

### 4.3.3. MATERNAL MORTALITY: COMPARING ACROSS COUNTRIES AND TIME

**E**ven though abortions in Russia are a safer outcome of pregnancy than birth in terms of maternal mortality, the large number of abortions significantly obscures cross-country comparison of maternal mortality indicators. The maternal mortality ratio in the European Union is around 5 per 100,000, which is six times lower than in Russia. Correction for abortions still leaves the EU result three to five times higher than for Russia.

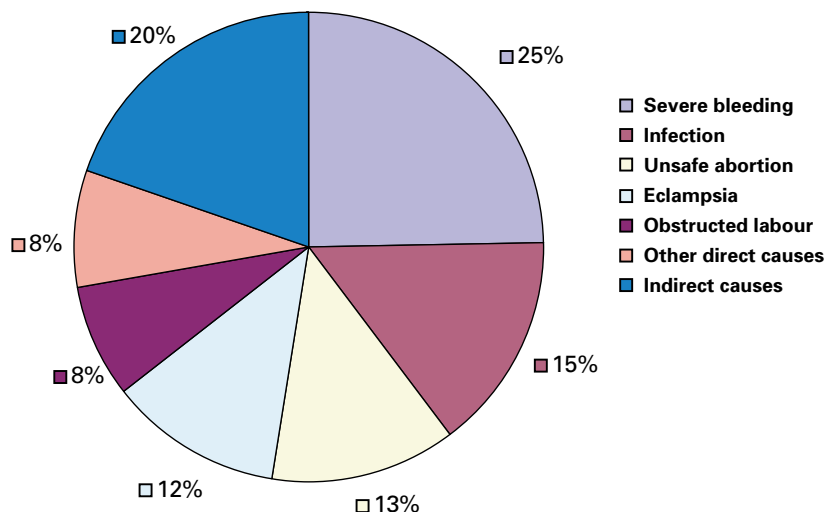
**M**aternal mortality in developing countries is usually estimated indirectly, using various complex epidemiological methods, due to lack of vital statistics. WHO data indicates that sub-Saharan Africa has the highest maternal mortality rates worldwide, ranging from 500 to 700 per 100,000 births as compared to 55-650 in Asia and 110-210 in Latin America. But the data for sub-Saharan Africa may not tell the whole story, since maternal death rates as high as 1000 per 100,000 births have been recorded in some rural areas.<sup>23</sup> Family planning has the greatest potential to reduce maternal mortality in Africa by preventing unwanted pregnancies and illegal abortions and increasing earnings of families by reducing the number



of pregnant women. Skilled attendance at delivery (essential obstetric services, including toxoid immunization, Caesarian sections and other life saving interventions in emergency cases) as well as antenatal care<sup>24</sup> and HIV prevention and treatment<sup>25</sup> would be of crucial importance in reducing maternal mortality in developing countries (Figure 4.4).

Despite the difficulties in assessment, maternal mortality rates still appear to be considerably higher in Russia than in the West. Abortion-related mortality represents about a quarter of deaths, and some estimates suggest that up to two thirds of abortion-related deaths are due to the abortions being carried out away from facilities.<sup>26</sup> This raises a number of questions about access to abortion and other services, such as why women would undertake such high-risk interventions when the procedure is legal and widely available. However, beyond the issue of abortion, the remaining 75% of maternal death is due to non-abortion related factors and needs detailed investigation. The official statistics suggests that about 15% of maternal deaths in Russia are due to haemorrhage and 10% due to toxemia (eclampsia). However, a quick review carried out by the author (unpublished) of all 14 maternal deaths recorded in the last five years in one of the European Russian regions found that the cause of death in half of the cases, at least according to investigation results, was anaesthesiological malpractice, while two deaths were due to late admission of women with relatively manageable conditions due to geographical remoteness and lack of means of communication and transportation. Further exploration of causes of maternal deaths is difficult, since aggregate, routinely collected statistics are often “cleaned” to avoid penalties. The data do not offer a sufficient level of detail to shed light on the issues, which need to be addressed. Any in-

Figure 4.4. Causes of maternal deaths worldwide



Source: "Coverage of Maternal Care: A Listing of Available Information, Fourth Edition". World Health Organization, Geneva, 1997

depth investigation is virtually impossible due to corporative protectionism of the medical profession.

#### 4.3.4. EXPLORING MATERNAL MORTALITY IN RUSSIA

The maternal mortality rate in Russia declined by about a quarter in the 1990s, and the absolute number of maternal deaths had dropped from 950 to 470 by 2002. Decline in absolute numbers is partially due to decline of pregnancy rates, but the improving rates of maternal mortality have been attributed to two processes: about 65% is due to improving pregnancy and birth safety and another 35% is due to decline in abortion rates. Risk of maternal deaths associated with birth had decreased by nearly a quarter in 2002-2003 compared with 1990. This positive dynamic, paralleled by recent decline in infant mortality, suggests a real trend, which can be associated with improvements in obstetric care. Box 4.5 offers a time-line of actions by Federal Government agencies in prevention of maternal, infant and child mortality.

**Box 4.5. The official view on maternal and infant mortality issues**

Levels of maternal, infant and under-five mortality correlate with quality, scope and availability of medical care to women and children. Conversely, efficiency of public health bodies and establishments can be assessed by indicators and dynamics of infant mortality.

From 1990 to the present the Ministry of Health and Social Development of the Russian Federation has been carrying out work on further development and improvement of medical care to women, including pregnant women and children.

In 1992 the Ministry of Health and Goskomstat of Russia issued the order "On Transition to Criteria of Live Birth and Dead Birth as Recommended by the World Health Organization". The transition was to take place as of January 1, 1993.

In 1998 the Ministry of Health of Russia designed and sent to subjects (administrative regions) of the Russian Federation a program of action for improving the preventive, diagnostic and treatment system with the aim of reducing infant mortality. Subjects of the federation were required to prepare relevant documents with regional scope for realization of the respective strategy.

On August 7, 1998, the Ministry of Health of Russia issued the order "On Improvement of Medical Documentation Certifying Cases of Birth and Death in Connection with Transition to International Classification of Diseases".

In November 2000 the Government approved an Action Plan for reduction of maternal and infant mortality in the Russian Federation in 2001-2003.

On December 28, 2000, the Ministry of Health of Russia issued order No. 457 "On Improvement of Prenatal Diagnostics in Prevention of Hereditary and Congenital Diseases Among Children".

The Russian Federal Government decree No. 1270-p of September 27, 2001, approved the "Concept of Demographic Development of the Russian Federation Until 2015". The Coordination Board of the Russian Ministry of Health responsible for improvement of efficiency in rendering medical care to mothers and infants has been in operation from 2000 until the present time. Its targets are: development of strategic action in provision, and improvement of efficiency and quality, of medical care and social assistance to pregnant women, obstetric patients, parents and infants; development of proposals on improvement of normative and legal control in this field; providing hands-on assistance to Russian regions; etc. From 2000 to June 2005 the Board held 33 sessions and reports from 67 subjects of the Russian Federation were heard.

Experts of medical research institutions, specialized in obstetrics, gynaecology and pediatrics, representatives of the Russian Ministry of Health and the Russian Academy of Medical Sciences and the corresponding special departments in higher educational medical establishments supervise regions of the Russian Federation in organization and improvement of work to provide and raise efficiency and quality of medical care to pregnant women, obstetric patients, parents and infants (order No. 201/51 of the Russian Ministry of Public Health, June 4, 2001).

Relevant orders issued by the Russian Ministry of Health are No. 50 of February 10, 2003 "On Perfection of Obstetric and Gynecological Treatment in Outpatient and Polyclinic Establishments" and No. 329 of August 5, 2003 "On Improvement of Medical Care of Newborns in Obstetric and Inpatient Clinics".

The Russian Federal Government decree No. 690 of November 26, 2004, approved the state guarantee program assuring free medical care to citizens of the Russian Federation in 2005. Medical care is provided, from budget funds of all levels, to women in pregnancy, child-birth, and the postnatal period, as well as prophylactic observation of pregnant women and healthy children.

On December 9, 2004, the Russian Ministry of Health and Social Development issued order No. 308 "On Organization of Perinatal Centers".

To date the Russian Ministry of Health and Social Development has:

- designed and submitted for approval by the Russian Federal Government a concept of health protection for children in the Russian Federation and an action plan for its implementation in the period up to 2010;
- set up a working group (order No. 288 from 21 April, 2005, by the Russian Ministry of Health and Social Development) on introduction in the Russian Federation of criteria, recommended by WHO, of live and dead birth, including changes in the time when the perinatal period begins, etc.;
- prepared a draft action plan on reduction of maternal, infant and child mortality in the Russian Federation up to 2010.

The Ministry of Health and Social Development together with relevant federal executive bodies has begun work on amended drafts of a concept of demographic development of the Russian Federation up to 2015 and an action plan for its implementation up to 2008, taking account of migratory tendencies in the Russian Federation.

**Ministry of Health and Social Development  
of the Russian Federation**

A 55% fall in absolute numbers of abortions since 1990 is due to better knowledge and access to modern contraceptive methods (Figure 4.5). However, abortions in Russia have not become a safer procedure judging by WHO data<sup>45</sup>, at least not before 2003. Rates of 6-7 deaths per 100,000 abortions are surprisingly stable with minor fluctuations since 1990, and make Russian abortions 10 times more risky than in the USA, where mortality is 0.7 per 100,000.<sup>27</sup> The Russian rate is largely, but not exclusively, due to illegal abortions. Figures from the Federal State Statistics Service are 20% lower for abortion related deaths in 2000-2004 than the WHO data, however official Russian statistics has a vaguely classified group of deaths "due to other causes" representing over a quarter of all maternal deaths part of which is likely associated with abortions. Even after exclusion of deaths due to abortions away from medical facilities, the risk of death from abortion in Russia is still over 3 times higher than in the USA.

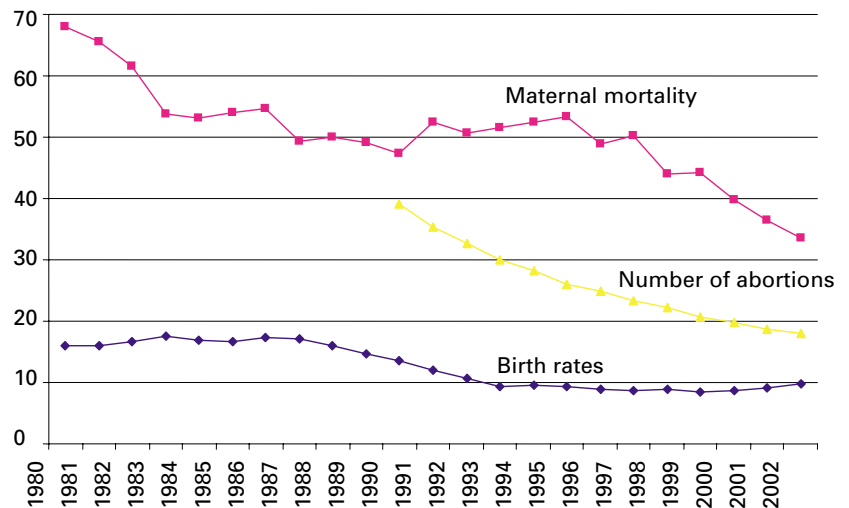
It is generally assumed that there are no problems with access to maternity care in Russia. Aggregate statistics show that a large majority of women give birth in health care facilities and make numerous antenatal care visits. However, evidence suggests that there are clearly small groups who do not access formal care, e.g. those who partake in illegal abortions or do not register for consultations before giving birth, and that a large number of women are victims of over-medicalization of the reproductive process, receiving, for example numerous useless injections and unnecessary hospitalisations. There is little research on access to care for various minorities and marginalized groups, and it is not quite clear who gets access to what services in Russia.<sup>28</sup> Research in other countries of the former Soviet Union has identified many women who are forced to deliver at

home because they cannot afford the expense of birth in a medical facility<sup>29</sup> As suggested by recent experience from Eastern European counties, formal and informal payments to health care providers are likely to be high, as pregnancy is a planned event usually with a positive outcome. Reproductive health research in Russia found that more than half of deliveries involve at least some payment.<sup>30</sup> Repeated abortions indicate a major system failure caused by lack of sufficient post-abortion counselling, and this could be because abortions are a lucrative service.

Studies<sup>31</sup> indicate that out of a little less than one third of 14-20-year olds reporting sexual activity, 42.6% did not use a condom during their last sexual intercourse. Over 16% of married people report out of marriage sexual contacts, 83.5% not using condoms. Despite a wealth of research on reproductive health, it is unclear exactly why women do not use modern family planning methods, and what measures could promote responsible behaviour (adequate knowledge, convenience, availability, choice, quality). There is little information on whether cost and availability are barriers to uptake of effective contraception.

There is evidence that maternity care does not always reflect the current state of international medical knowledge. Introduction of evidence-based clinical protocols and cost-effective technologies in reproductive and perinatal care are seen as essential to improving maternal care in Russia.<sup>32,33</sup> For instance, our findings from a study carried out in the Tula region in 2000 indicate wide variation between clinical practice across facilities. Caesarean section rates varied from 3.3% to 37% of births and episiotomies from 9% to 80% (p for both differences < 0.001), and the variation persisted after controlling for case

**Figure 4.5. Maternal mortality per 100,000 live birth, birthrates per 1000 in Russia, and absolute numbers of abortions in hundreds of thousands, 1980-2002.**



mix. Many practices were associated with size and type of the facility, with maternity homes having much higher numbers of procedures than maternity departments of general hospitals: rates of caesarean section were 18% and episiotomies were 37% in the former, compared with 11% and 24% in the latter. Other large scale studies have shown routine use of ineffective and harmful practices (e.g. routine shaving, enema, injections) and insufficient use of cheap and effective interventions (e.g. rooming in or access for relatives to the delivery room).<sup>34</sup>

There are questions about inefficiencies in the system given the large number of facilities, the low occupancy rate and excess staff, who are under-paid and poorly motivated. For instance, there has been very little change in maternity bed numbers despite significant decline in birth rates since 1987. Instead of closing facilities, which were excessive by any criteria even before the birth-rate decline, postnatal beds, which could not be filled, were turned into beds for management of pregnancy complications (Figure 4.6). Conversion of ward and department special-

izations has pushed up hospitalization rates for “pregnancies disorders” and increased the overall length of stay, wasting resources and creating potential health hazards.

#### 4.3.5. STRATEGIES NEEDED TO ACHIEVE MDG 5

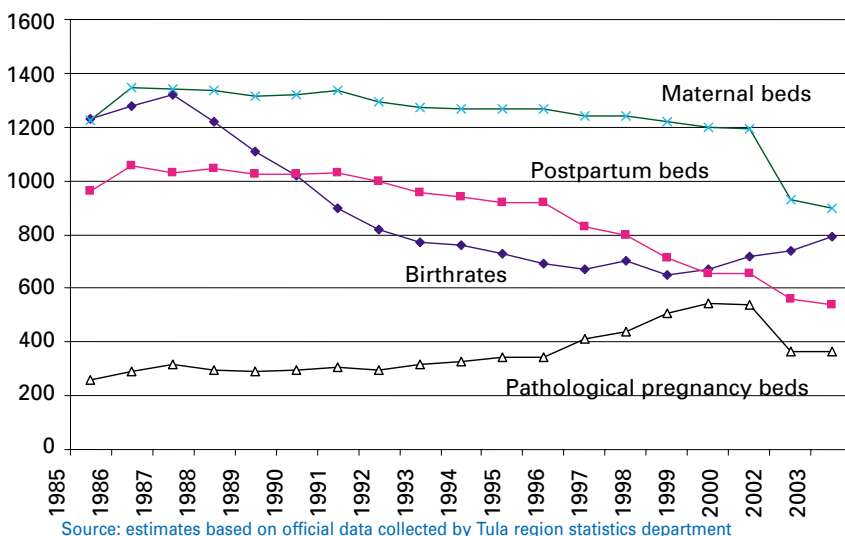
Recommendations on how to improve maternal mortality in Russia can only be offered in very general terms, as input indicators are nearly perfect on the surface, but do not match the outcomes. Standard process indicators used in safe motherhood programmes,<sup>35</sup> such as the percentage of women delivering with trained attendants, family planning use, and antenatal care measures tend to be of little value in Russia. A vast majority of women do deliver with attendants, there is a low overall fertility rate, and antenatal care is widely used, if not over-used. Abortion services are also legal and widely available, although lately there were some attempts to limit their accessibility.

Interventions must therefore be focused on improving quality of care and education, which should reflect international evidence to a greater extent. Efforts are also needed to improve overall functioning of health systems and structural efficiency, and to help those small groups, which do not have access to services.

There should be further investigation into existing variations in practices and institutional factors shaping practices or hindering change. Medical education needs to shift its paradigm towards primary and multi-disciplinary health care, which would give more responsibility to nurses and midwives where appropriate. It is important to promote evidence-based medical training of obstetric staff and other medics.

Work needs to continue on reducing abortion numbers and improving safety of the procedure. Although declining abortion rates might suggest improved use of appropriate family planning methods, further efforts by the government, NGOs and business to promote informed choice, safer sexual practices and access to contraceptives are needed. Abortions are 10 times riskier than in the USA and do not seem to become safer since the 1990s, which is quite worrying.

**Figure 4.6. Birth rates per 100,000, total number of maternity beds (excluding gynaecological), beds for postnatal (postpartum) and pregnancy complications, Tula region, 1985-2003.**



An incentive structure needs to be developed, which would discourage over-medicalization of the reproductive process and maintenance of excess facilities. Slow decline in maternity bed numbers despite rapid fall of birth rates since 1987 suggests a need to review financing mechanisms, e.g. moving away from the current system of payment on the basis of budget items or per quantity of services provided. Surplus facilities are having an influence on current practices, including excessive length of hospital stays by pregnant women and excess bed-days after delivery.

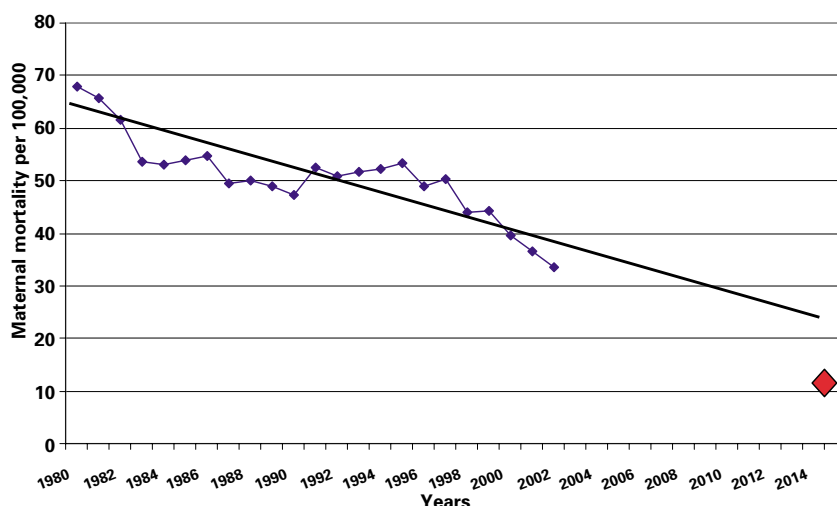
### 4.3.6. POTENTIAL EFFECTS OF ACHIEVING MDG 5

The effects of achieving MDG 5 on the overall health, demographic and economic situation in Russia will be almost negligible. A 75% reduction in maternal mortality in Russia would mean averting around 250-400 deaths out of about 2 million occurring annually. For comparison, just by bringing the stroke (cerebrovascular) mortality rates to the level of the Baltic states, which is probably also a more realistic target, Russia would prevent over 200,000 deaths or 500-1000 times more than by achieving MDG 5. The effect on life expectancy at birth of achieving MDG 5 would only be felt by women, whose life expectancy is already 13 years greater, and would be very small.<sup>36</sup> reduction of maternity deaths by three quarters, as suggested in Target 6, would add half a week to female life expectancy, and could prove relatively complicated and costly. On the other hand, most measures to reduce maternal mortality have potential to improve other reproductive health indicators, which are very unfavorable in Russia.

### 4.3.7. FEASIBILITY OF ACHIEVING MDG 5

Maternal mortality in Russia showed slight fluctuations in 1983-1995 without any stable tendency to decline. But there has been significant reduction since 1997, at least in the recorded figures (Figure 4.7). Since maternal mortality is quite a rare event in both developed and transitional countries, it is very hard to separate chance variations from tendencies caused by social and medical factors. As early as 2001-2002 a number of former Soviet Union republics had already reached the level, which Russia should reach in 2015 if it is to have the 75% reduction. So the Goal is at least feasible for Russia. However, Russia's

Figure 4.7. Maternal mortality per 100,000 live births in Russia in 1980-2002, the trend in the 1980-2000 (straight line) and in 1997-2002 (twisting line) and the target value in 2015 (diamond).



huge territory and low population density, the diversity of its population, which includes national minorities, migrants and other vulnerable and hard-to-reach groups, might make achievement of the task very difficult. In the unlikely event of pro-life movements succeeding in enacting further abortion restrictions, maternal mortality may even rise above current levels due to increase of illegal abortions. Since maternal mortality is already relatively low in Russia, further improvement could be hard to obtain in any case. Developed countries are not able to reduce maternal mortality much further already, so a reduction of 50% would be a remarkable achievement for a transition country.

### 4.3.8. SUGGESTED INDICATORS FOR MONITORING MDG 5

Maternal mortality is an important indicator for international comparison but its use for detailed health planning or monitoring in Russian conditions is limited. The maternal mortality rate is unsuited for

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regional comparisons because such deaths are rare, not usually exceeding 20 per region per year. Ascertaining real reasons for the deaths is difficult due to their rarity and geographical dispersion, and identifying statistically significant determinants at any given location would be very difficult if not impossible. However, qualitative research may prove useful in investigating factors that are likely to contribute to these deaths, e.g. geographical inaccessibility of obstetric facilities in extremely remote regions, poor quality care in some facilities, or undersupply of basic pharmaceuticals and equipment. But these again would be complicated by medical corporatism and lack of mechanisms to carry out independent evaluation. Additionally, there may be scope for investigation of factors leading to maternal morbidities or 'near-miss' complications (life-threatening complications that did not lead to death), which might be more

**The two maternal mortality indicators, which can be of use on the national level in evaluating performance of obstetric services, are abortion-related deaths per 100,000 abortions and non-abortion related maternal deaths per 100,000.**

common and similarly reflect on key aspects of the health system. Clinical audit and case discussions are carried out in many facilities, but have poor potential to achieve quality improvement as there are no standard tools and mechanisms.

**M**onitoring of the maternal health situation in Russia could be carried out in a less direct but more useful way by measuring the number of abortions, rates of some sexually transmitted infections (although under-recording is a problem), and birth weight. In particular, there is a need to monitor the absolute number of abortions or the

ratio of abortions to the total number of women of child-bearing age in order to avoid being misled by fluctuating birth rates as can happen with the traditional indicator of abortions per 1000 live births. Birthweight can provide useful insight into smoking, alcohol consumption and social status of mothers during pregnancy. The two maternal mortality indicators, which can be of use on the national level in evaluating performance of obstetric services, are abortion-related deaths per 100,000 abortions and non-abortion related maternal deaths per 100,000 births. (Appendix 4.1. Table).

### 4.3.9. CONCLUSIONS ON MDG 5

**M**aternal mortality reduction by 75% will have negligible effect on population health in Russia. However, maternal mortality is an indicator of healthcare performance and health more generally. In order to further improve maternal mortality, and maternal health in general, it is important to make pregnancy, births and abortions safer, to reduce the number of abortions, and to eliminate illegal pregnancy termination away from medical facilities. Pregnancy, birth and abortion methods need to reflect current international evidence better than it is the case now. Improvement of practice is complicated by lack of access to international literature and by a perverse incentive system. There is additional potential for improvement through working with marginal groups. Abortion rates can be lowered through use of appropriate family planning methods, which is achieved by improvement of knowledge and access. More in-depth and qualitative research is needed to improve understanding of reproductive health issues in Russia, especially among adolescents, and to improve the design of interventions that aim to address maternal health.



#### 4.4. WHAT GOALS FOR HEALTH DOES RUSSIA NEED AND HOW CAN AVOIDABLE ADULT MORTALITY FROM NON-COMMUNICABLE DISEASES BE PREVENTED?

Under-five and maternal mortality are important indicators, but it only accounts for an insignificant share of the disease burden in Russia. Reaching or approaching the target levels for these indicators by 2015 in a country with a transition economy is an important indicator of economic, social and healthcare development rather than a goal in itself. Other, much more important, Russian health problems need to be addressed alongside reduction of under-five and maternal mortality. Moreover, under-five and maternal mortality is already relatively low in Russia compared with developing countries, so the level of change called for in the targets might be over-ambitious for Russia.

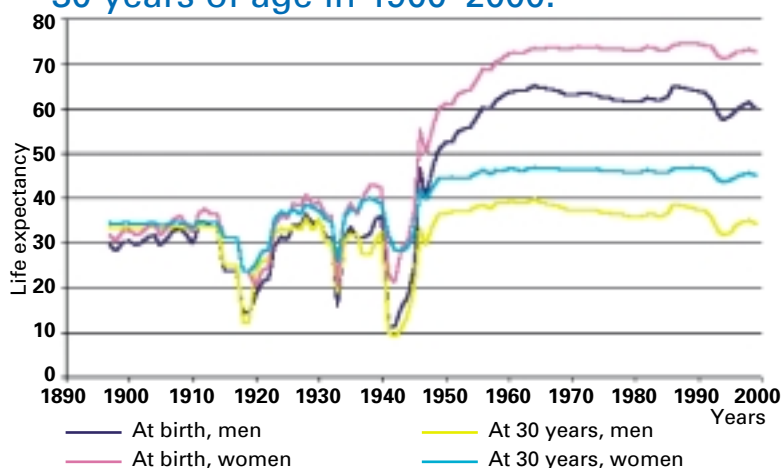
Life expectancy, especially of males, is very low in Russia and offers a comprehensive health indicator, particularly since research shows that the non-fatal health burden among males is relatively low at the moment.<sup>36</sup> The well-known calculation by World Bank experts showed that child mortality among boys in India is compensated by high adult mortality rates in Russia leading to very similar male life expectancy of about 59 years in both countries. High mortality among Russian men of working-age from non-communicable diseases, mainly cardiovascular disorders and external causes, is particularly worrying. Life expectancy of Russian men at the age of 30 showed no change throughout the 20th century, remaining at about 33-34 years, despite the celebrated achievements of modern medicine (Figure 4.8). Cardiovascular disease is still the main killer, despite existing preventive technologies.

The mortality rate from external causes is six times higher in Russia than in the European Union. At the present time injuries kill more people in Russia than cancers. Mortality from major groups of external deaths: suicides, homicides and road vehicle accidents in Russia are around 3.5,

**Life expectancy of Russian men at the age of 30 showed no change throughout the 20th century, remaining at about 33-34 years, despite the celebrated achievements of modern medicine.**

30 and 2 times higher than in the European Union. But preventable cancer deaths should not be disregarded, particularly lung and cervical cancer. Nearly all cases of lung cancer are caused by smoking and could be prevented through anti-tobacco interventions, which would also have major impact on the burden of many other cancers and most importantly diseases of the circulatory system. Cervical cancer death rates are nearly 3 times higher than in the European Union and could be very effectively addressed via a screening system and early treatment of pre-cancers.

**Figure 4.8. Change in life expectancy of Russian men and women at birth and at 30 years of age in 1900–2000.**



Source: Centre of Human Demography and Environment, Institute of National Economy Forecasting, Russian Academy of Sciences

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The limited number of deaths that could be averted by achieving MDG 4 and 5, related to under-five and maternal mortality, suggests that the focus in Russia's case should instead be on preventing premature adult mortality.

As they are forced out of western markets, tobacco companies are aggressively attacking less developed countries with negative impact on life expectancy and the burden of major diseases. Reduction of mortality rates from lung cancer due to low smoking rates in the cohort of people who grew up after World War II is distracting Russian Government attention from this problem.<sup>37</sup> The mortality rate from breast cancer is quite favorable compared with Western Europe, but it is likely to deteriorate in coming years due to the trend towards postponement of first child-bearing, which is a risk factor for breast cancer. Economic efficiency of screening is limited. Overall, this issue needs more detailed examination and design of definite guidelines.

Improvement in overall health in Russia can be best achieved through public health interventions. The health service as such can also have an input to life expectancy improvement, but to a lesser extent.<sup>38</sup> For instance, treatment of strokes is problematic, whereas prevention is relatively simple and effective.<sup>39</sup> Strokes kill 20% of Russians and mortality due to strokes is 4-6 times higher than the average European level, which is convincing evidence of the failure of hypertension control programs and failure to promote healthy life style. Deaths due to external causes can also be largely prevented, particularly deaths from motor vehicle accidents, which are already twice higher than in the European Union, despite lower rates of cars to population.

The scope for improvement of life expectancy through medical care in the narrow

sense is somewhat limited. If efficiency of Russian health-care outcomes was raised to its level in the UK, life expectancy for men would only improve by about 1.7 years and for women by about 1.5 years.<sup>40</sup> By comparison, tobacco smoking alone causes about 10 years reduction of life among smokers<sup>41</sup> and, according to rough estimates, current rates of smoking<sup>42,43</sup> cause over 6 years decline in life expectancy among males and 3 years in women. The role of other desirable and achievable behavioral factors, such as physical activity, moderation of alcohol consumption, safer sex, safer driving and better nutrition can hardly be overemphasized, but their effects are harder to quantify accurately within the scope of this chapter. It is important that such behavioral factors can be modified relatively easily by such measures as raising alcohol and cigarette taxes to increase prices for these life-threatening products, tightening and better enforcement of anti-tobacco legislation and of limitations on sale and consumption of alcohol, as well as traffic and work-related safety regulations. But all these highly effective interventions require political decisions, which might be unpopular and provoke opposition in some sectors of society. Greater efforts of all stakeholders are needed to help healthy lifestyles become a priority. Introduction of general practitioners and restructuring of the healthcare system are also important components in dealing with chronic concomitant conditions and promoting healthier life styles, but the most important measure, which is needed to improve healthcare, is a change in the incentive structure of the system to ensure that it prioritizes people's health. (Appendix 4.1. Table).

### 4.5. CONCLUSIONS AND RECOMMENDATIONS

The limited number of deaths that could be averted by achieving MDG 4 and 5, relat-

ed to under-five and maternal mortality, suggests that the focus in Russia's case should instead be on preventing premature adult mortality. There is room for improvement in the health status of women and children in Russia, but maternal and child mortality are already relatively low, and solving the problem of adult mortality would have much more impact on life expectancy at birth in Russia and in other transition countries: the average gain for all transition countries would be 7.75 years, and it would be 10.09 years in the Russian Federation. By contrast, achievement of the MDG targets for under-five and maternal mortality would give average gains of less than one year for both genders and only half a week for females. Reducing under-five and maternal mortality to UK levels would result in a gain of about one year, while reaching the best Russian regional values for these indicators across the whole country would offer an average gain of about five months.<sup>36</sup>

The MDGs are important because they drive the choice of policies supported by the international community. However, it is important to place greater emphasis on adult mortality in Russia. The choice of goals at a global level is largely determined by what data are available. The absence, in many developing countries, of data on adult mortality thus precludes the use of life expectancy at birth as a global measure. In Russia and other transitional countries where more data exist, specific measures of adult mortality such as deaths from cardiovascular disease, stroke and external causes are the most

appropriate measures of progress in improving health. In addition measures of health-related behavior, particularly alcohol abuse and smoking, are crucial.

President Vladimir Putin said in his address to Russia's Parliament:<sup>44</sup> "...As regards modernization of healthcare. We have been talking about this for several years, but changes have been slow and haven't led to any significant outcomes yet. Russia is now lagging behind many countries in terms of the most important health indicators. For instance, life expectancy is 12 years lower than in the USA, 8 years lower than in Poland, and 5 years lower than in China. The primary reason for that is high mortality among the population of working age. Child mortality, although declining, is still one and a half or two times higher than in developed countries."

There is understanding in the Russian leadership of the importance of health issues and the urgency of taking measures. Some of these measures are bound to be unpopular and their efficient implementation will depend on the resources, which are made available, as well as on obtaining a social consensus. Society and all levels of Government in Russia will need to make a major effort on many fronts to ensure that healthy lifestyles become a priority, and that efficient and high-quality healthcare is mobilized to overcome the problems of avoidable mortality, which is posing a serious threat to development and preservation of human capital in Russia.

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**Table. MDG+ for health and MDG 4 and 5. Reduce under-five and maternal mortality. Indicators recommended for Russia**

MDG Targets	MDG Targets in the Russian context	Indicators of progress in achievement of targets	Indicators of progress in achievement of targets for Russia	Current value of the indicator	Target indicators for 2015		
no analogy	Goal recommended for monitoring: Life expectancy and mortality rates from major causes	no analogy	Life expectancy of males at birth	59 years	Regain the level in the mid-1980s, or at least a slight improvement	65 years	
			Life expectancy of females at birth	72 years		75 years	
			Standardized mortality rates from ischemic heart disease (European standards)	395 per 100,000		300 per 100,000	
			Standardized mortality rates from cerebrovascular diseases (European standards)	307 per 100,000		220 per 100,000	
			Standardized coefficient of mortality from external causes (European standards)	230 per 300,000		150 per 100,000	
no analogy	Goal recommended for monitoring: Healthy lifestyles	no analogy	Smoking, monitoring by age groups and genders is desirable	% of smokers	Among males above 15 years: 63% Among females above 15 years: probably 20%	Decrease among males; at least retain current levels among females	Males: 50% Females: status quo maintained
				Number of cigarettes sold per person-year	2400	1500	
			Alcohol abuse (indirect indicators)	Mortality from acute alcohol or surrogate intoxication	Approximately 50,000 per year (end of 1990s – beginning of 2000s)	Less than 20,000 yearly	
				Rate of alcoholic psychosis	54 per 100,000 (in 2002)	Less than 30 per 100,000	
Goal 4, Target 5. Reduce by two thirds, between 1990 and 2015, the under-five mortality rate	Reduce the mortality rate of children under 5 by at least 50% by 2015, as compared to 1990 (from 21.5 to 11 per 1000)	Reduce infant mortality. Increase access to pre-natal medical support, delivery of births by trained medical personnel.	Reduce infant mortality.	13 per 1000	Less than 9 per 1000		
			Bring the technologies of pre-natal support and delivery into accordance with international evidence on effectiveness, avoid excessive medicalization of the reproductive process.	Breastfeeding at 3 months – 41% Breastfeeding at 6 months – 33% Rooming in – percentage unknown	Breastfeeding at 3 months – minimum 60% Breastfeeding at 6 months – minimum 40% Rooming in – no less than 70% of regular births		
		Reduce mortality of children under five.	Increase safety of the environment in order to reduce mortality from external causes.	Detailed data on mortality for children under five (with causes of death) is required for monitoring of the indicator. Such data is routinely collected, but a methodology for analysis needs to be developed.			
Goal 5, Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	Reduce maternal mortality ratio by at least 50% in the period 1990-2015	Increase number of children vaccinated for measles to 90%	Retain high levels of vaccination against common diseases at the current level; regular renewal of vaccination calendars.	Over 95% coverage by main-stream vaccines that are included in the vaccination calendars (diphtheria, pertussis, poliomyelitis, measles, paroditis, rubella)	No less than 95%		
		Increase access to assistance during pregnancy and birth delivery by trained personnel.	Increase safety of the reproductive process by use of modern methods of care during pregnancy and delivery	The risk of maternal mortality from causes not linked to abortions, 25 per 100,000 birth deliveries	Less than 15 per 1000		
		Increase access to contraception	Reduce number of abortions	1.8 million per year	Less than 1 million		
			Increase safety of abortion	7 per 100,000 abortions, 2.2 per 100,000 abortions if we discount deaths from illegal abortion	2 per 100,000 abortions, total eradication of illegal abortion as a cause of death for women		



# Combating HIV/AIDS, malaria and other diseases

**M**DG 6 is aimed at reducing the burden of such communicable diseases as HIV/AIDS, tuberculosis, and malaria, which cause the biggest demographic losses worldwide and exert an extremely negative effect on human capital and the economy in many countries.

**A**nually, about 2 million of people in the world die of tuberculosis. Every year 300 million people develop attacks of malaria and approximately 1 million die of it, mainly children. Although just 25 years have passed since the first diagnosis of HIV-infection, more than 20 million people have died of the infection to date and about 40 million are HIV-infected.<sup>1</sup>

## 5.1. ANALYSIS OF THE SITUATION IN RUSSIA

### 5.1.1. HIV/AIDS

**T**he first case of HIV-infection was diagnosed in Russia as long ago as 1985, but the epidemiologic situation deteriorated significantly in 1996, when a number of Russian regions reported serious HIV outbreaks among injection drug addicts (Figure 5.1).

**N**umbers of registered new HIV cases grew rapidly up to 2001, but the rate of growth slowed down in the subsequent three years. Interpretation of these trends varies significantly. Some specialists simply reject the apparent decline of incidence (alleging incom-

plete registration of HIV-infection),<sup>3</sup> while others claim that the Russian HIV/AIDS epidemic has stabilized and is developing in accordance with an optimistic scenario.<sup>4,5</sup> In the opinion of some specialists,<sup>6</sup> the reduction in numbers of new registered cases is only temporary and should be attributed mainly to the fact that the HIV/AIDS epidemics is moving to its second phase, characterized by transmission of HIV from isolated social groups to the general population. This opinion is indirectly supported by the fact that the absolute number of new HIV cases recorded in 2004 almost reached the level of the previous year.

**B**y May 2005, the total number of officially registered cases of HIV/AIDS in Russia exceeded 313,000 people,<sup>7</sup> but the actual number of infections seems to be much higher. According to UNAIDS data, about 860,000 people are currently living with HIV/AIDS in Russia, and the range of experts' assessments is between 420,000 and 1,400,000 people<sup>1</sup>.

**H**IV/AIDS has been recorded in all administrative regions (so-called subjects of the Russian Federation). However, there is a big difference in prevalence of the infection between Russia's territories. It is particularly worrying that about 70% of all cases are concentrated in ten highly developed regions, and the majority of the HIV-infected are young people of working age (Table 5.1).

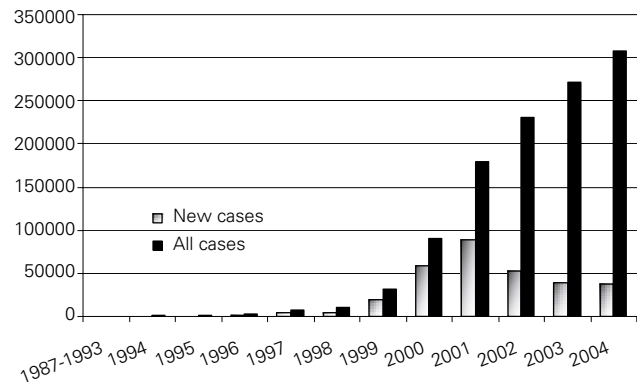
**O**ver the last 10 years HIV in Russia has spread mainly among IDUs (injection



drug users). Infection has also been particularly prevalent among sex workers, prisoners, and men having sex with men. There is no clear indication as yet of large-scale spread of HIV/AIDS among the general population. However, HIV-infection is starting to spread more intensively heterosexually, especially via the so-called bridge population groups. These can include sexual partners of drug users, females having sex with bisexual males, and clients of sex workers.<sup>8</sup> If in 2000 only 3% of new registered HIV cases via established paths of infection were due to heterosexual transmission, in 2004 the heterosexual share of such cases increased to 25%. Sexual HIV transmission resulted in change of gender proportions among Russian PLWHA (people living with HIV/AIDS): in 2001 only 20% of HIV-cases were recorded among women, in 2004 this figure reached 38% and in some areas exceeded 50%.<sup>7</sup> High potential for further spread of the epidemic is confirmed by numerous sociological studies which show insufficient public awareness of the HIV/AIDS issue and reveal that risky behaviour is widespread both among the general population<sup>9,10,11</sup> and vulnerable groups.<sup>12,13</sup> The trend towards spread of the epidemic to the wider population is confirmed by a growing number of HIV-infected pregnant women. HIV prevalence among pregnant women in Russia by the end of 2004 reached 0.3% on average, with up to 0.8%<sup>4</sup> in the most affected regions. The trend is also reflected in growing numbers of babies born to HIV-positive mothers. According to various experts,<sup>4,14</sup> by the end of 2004 the number of such children was around 12-14,000, of whom 15-20% were HIV-infected and 10% were left by parents in state care.

According to the classification of UNAIDS and WHO, Russia is now in the phase of concentrated epidemic, i.e. when HIV preva-

Figure 5.1. Officially recorded cases of HIV-infection in Russia<sup>2</sup>



lence is more than 5% in at least one population group (IDUs in the Russian case), but is still less than 1% among urban pregnant women. However, different territories are in different phases of the epidemic: in some regions the epidemic is in the nascent stage, in most regions it is concentrated, and in some areas the HIV epidemic is approaching the generalized stage.

In the absence of adequate treatment, HIV-infection progresses and passes into its final stage, AIDS, with a lethal outcome on average 12 years after the onset of infection. Current therapy with antiretroviral (ARV) drugs, though not capable of curing the infection, prevents development of its major manifestations, so that people living with HIV/AIDS can work and lead an almost nor-

Table. 5.1. Regions with highest prevalence of HIV-infection (by the end of 2004)<sup>3</sup>

Regions	Number of cases
Moscow region	25 931
St. Petersburg	25 760
Sverdlovsk region	24 946
Samara region	22 635
Moscow	21 532
Irkutsk region	17 670
Chelyabinsk region	14 575
Orenburg region	12 635
Khanty-Mansi Autonomous Area	8 496
Leningrad region	8 392

## Chapter 5

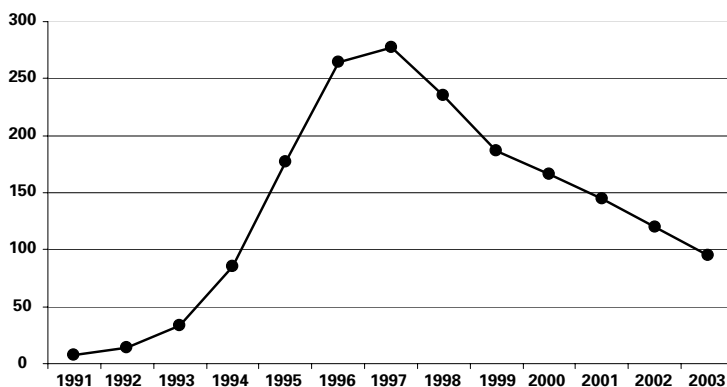
mal, socially active life. Estimates of the number of HIV-infected people, who have died in Russia in the last 10 years vary from 1200<sup>4</sup> to over 6000<sup>2</sup>. When interpreting these mortality data we should take into account that HIV-infection only started to spread rapidly in Russia in the second half of the 1990s and therefore the full picture of demographic losses and other consequences of HIV/AIDS for the country is not yet clear.

Estimates of the number of people in Russia in need of ARV treatment also vary. According to data of the HIV/AIDS Prevention Department of the Federal Service for Surveillance of Consumer Rights Protection and Human Welfare not more than 20 thousand PLWHA had indications for HAART (Highly Active Antiretroviral Therapy) by May 2005. But a number of national and international experts believe that as many as 50,000 Russians need ARV treatment. At present approximately 3,000 patients actually receive such treatment,<sup>2,4</sup> i.e. only about 10% of infected people in need of therapy have access to it in Russia. The main obstacle to expansion of ARV treatment programs is the high cost of ARV drugs. The current price of ARV drugs in Russia is one of the highest in the world at between USD 4,000 and USD 10,000 per patient annually. Free access of PLWHA to

ARV treatment is essential from a human rights viewpoint, but ARV treatment also has many other positive aspects for control of HIV/AIDS epidemics. The availability of free access to treatment increases the incentive for people to be tested for HIV, which enables medical institutions to provide HIV prevention, like counselling and behavioural interventions among vulnerable population groups. In addition, ARV drugs significantly reduce concentration of the virus in the blood and other biological fluids, strongly reducing the chances of it being transmitted to other people. ARV treatment during pregnancy and labor sharply reduces the risk of transmitting HIV from mother to child, leading to birth of healthy babies in most cases.

The majority of HIV-infected Russians are young people with low income, mostly with experience of drug injecting. Many of them do not have adequate access to medical services including ARV treatment, nor are they aware of their rights and obligations with respect to HIV infection. They face a generally prejudiced attitude in society towards issues connected with HIV/AIDS, mainly due to widespread lack of knowledge about HIV/AIDS, fear of the disease and misinformation. As a result, HIV-infected people very often find themselves isolated and forced into marginal strata of society. Many experts are worried that negative attitudes towards people living with HIV/AIDS, sometimes observed even among medical personnel, may lead to discrimination in access to life-saving treatment – this is especially true for those patients who became infected by using drugs and who represent the majority of people living with HIV/AIDS in Russia. Another potential obstacle for expansion of ARV therapy in Russia is legal restrictions on use of substitution therapy, which, by reducing intake of illegal opioids

Figure 5.2. Syphilis incidence in Russia per 100,000 of population (1991-2003)<sup>16</sup>



and normalizing the life of drug-dependant patients, helps to keep them in treatment programs.<sup>15</sup>

### 5.1.2. OTHER MAJOR DISEASES

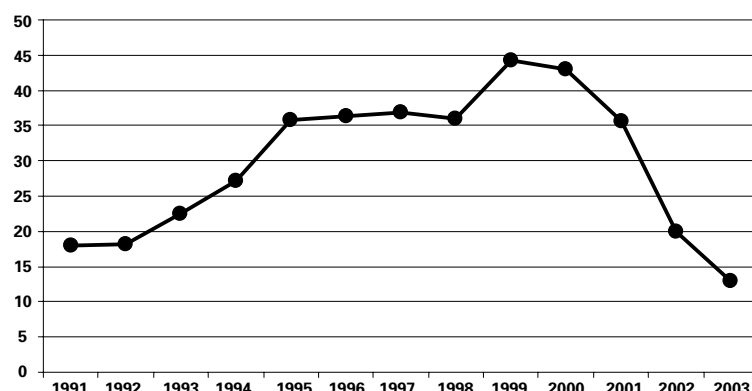
**H**IV/AIDS is not the only disease that poses a serious threat in Russia. Since the break-up of the USSR Russia has experienced a number of parallel epidemics. The early 1990s saw the beginning of an epidemic of sexually transmitted infections (STI) which has no analogy among industrialized countries at the end of the 20th century. Syphilis incidence, which was most clearly documented, increased 60 times within 6 years and peaked in 1997 (Figure 5.2).

**A**lthough the number of registered cases has been steadily declining, the present incidence of STI is still more than 10 times higher than in the EU or in the former Soviet Union. On the one hand such high STI rates demonstrate that young Russians actively practice unprotected sex, and on the other hand any STI increases the risk of HIV transmission.

**T**here has also been a sharp increase in consumption of illegal psychoactive substances in Russia since the beginning of the 1990s. The number of injection-drug users (IDU) in Russia is now estimated at 2 to 4 million people<sup>12,17</sup> or 1.5-3% of the country's population. This rise in drug use has resulted in increase of viral hepatitis B and C transmission (Figure 5.3), which currently represent the most common co-infections seen among Russian people living with HIV/AIDS.

**D**ecrease in the incidence of viral hepatitis B since 1999 can probably be attributed to the effect of epidemiologic saturation

**Figure 5.3. Hepatitis B incidence in Russia per 100,000 of population (1991-2003)<sup>16</sup>**

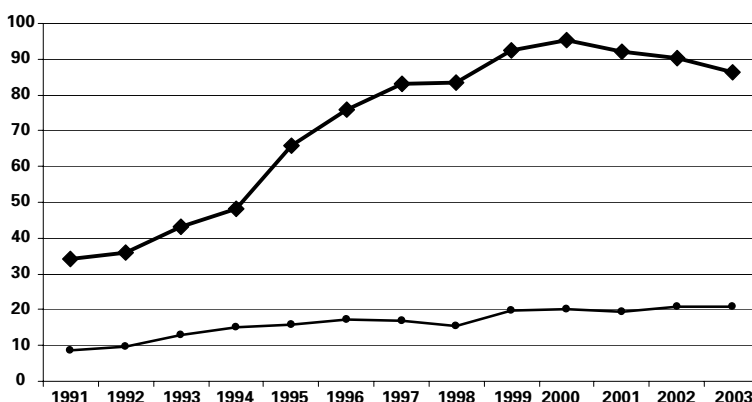


among drug users; on the other hand, it may be the result of a wider coverage by the specific vaccination.

**S**teady decline in the incidence of tuberculosis, observed in Russia since World War II, also stopped at the beginning of the 1990s. Incidence of tuberculosis and death from the disease more than doubled over 10 years (Figure 5.4).

**M**any specialists<sup>18,19</sup> attribute this dramatic development to the combination of several factors: (1) economic instability following the break-up of the Soviet Union; (2) worsening living conditions of a large part of the population; (3) inability to maintain medical infrastructure; (4) collapse

**Figure 5.4. Tuberculosis incidence and death rates in Russia per 100,000 of population (1991-2003)<sup>16</sup>**



of the former system for providing people with medicines; and (5) a sharp rise in the number of prisoners and overcrowding of penitentiary institutions, which traditionally played a significant role in the epidemiology of tuberculosis in Russia.

Although there has been stabilization and even some decrease in TB registration rates in the last three years, the Russian Federation now has the highest tuberculosis mortality in Europe and is among the 22 countries of the world most affected by TB. It is particularly important to note rapid spread of forms of the disease that are resistant to conventional drugs: such forms are now 9-10% of all tuberculosis cases and up to 20% in prisons. Because of this, tuberculosis is now transforming from a definitely curable disease into an illness requiring expensive treatment and frequently having a lethal outcome.

Tuberculosis is the main cause of death from infectious diseases in Russia. Like HIV/AIDS, it affects people in the prime of their working age, mostly males. In the context of the HIV/AIDS epidemic, it is important that tuberculosis is the major cause of death of persons living with HIV/AIDS<sup>20</sup>. Until recently, these two epidemics had developed in Russia more or less separately but in the last 2 years there has been considerable increase in the number of HIV and tuberculosis co-infections. According to data of the Federal Centre for Anti-Tuberculosis Care of Patients with HIV-infection, the number of patients with TB/HIV co-infection exceeded 7600 by the end of 2004.

Malaria, whose control is given very close attention in MDG 6, does occur in Russia in some endemic regions (e.g. Volgograd region) and in the form of imported cases. However, malaria incidence in

Russia during the last decade has varied from 0.23 to 0.74 per 100,000 population<sup>16</sup>, which corresponds to only a few hundred cases per year.

## 5.2. COMBATING HIV/AIDS AND OTHER MAJOR INFECTIOUS DISEASES IN RUSSIA

### 5.2.1. ANALYSIS OF CURRENT ACTIONS

#### 5.2.1.1. HIV/AIDS

Over the last few years the Russian Government has become increasingly concerned about HIV/AIDS and tuberculosis problems. It is showing more willingness to assume international obligations to control the epidemics. The Russian Federation has promised to donate USD 20 million for needs of the Global Fund to Fight AIDS, Tuberculosis and Malaria, and Russia is playing a leading role in discussion of HIV/AIDS problems with other members of the Commonwealth of Independent States. Nevertheless, it should be noted that strategy documents prepared by the Russian Government do not fully take into account the importance of combating HIV/AIDS, and top state officials hardly ever mention the HIV/AIDS problem in public speeches.

The Russian Federation has stated its support for the Three Ones strategy suggested by UNAIDS. However, the HIV/AIDS problem is currently within the areas of responsibility of at least four different structures at the federal level, including the Ministry of Health and Social Security, the Federal Service for Surveillance of Consumer Rights Protection and Human Welfare, the Federal Service for Supervision of Healthcare and Social Development Issues, and the Federal Agency

for Healthcare and Social Development. The presence of several coordinating bodies (the Coordination Council on HIV/AIDS of the Ministry of Health and Social Development; the National Coordination Council on AIDS, the Coordination Council on Prevention of Mother-to-Child Transmission of HIV; etc.) demonstrate the lack of a common approach to effective control of the HIV/AIDS epidemic.

**A**nother important point is that the amount of money allocated by the federal budget to combat AIDS (350 million rubles or about USD 12 million in 2004) is completely inadequate given the scale of the Russian epidemic. During the last 2-3 years there has been a clear tendency to transfer spending responsibility for HIV/AIDS to regional budgets, although only a few prosperous regions can afford such expenditure: most territories do not have the necessary resources, especially to buy ARV drugs for a rapidly growing number of PLWHA. The resources being provided for preventive measures like public HIV awareness campaigns, targeted prevention programmes for vulnerable groups with high risk of infection, etc., are also very meagre.<sup>7</sup>

**T**he legal base for combating HIV/AIDS in Russia is the Federal Law "On Prevention of the Spread of the Disease Caused by the Human Immunodeficiency Virus (HIV-infection)", which came into force in 1995, and whose prescribed measures are being implemented through the Federal Anti-HIV/AIDS Program, which is part of the Federal Target Program for 2002-2006 on Prevention of Social Diseases. The Law outlines a wide range of state guarantees on epidemic control and declares the rights of people living with HIV/AIDS. Most experts believe that provisions of the Law do not contradict international legal requirements and conform to recommendations developed on the intergovernmental level.<sup>21</sup> However, there are serious

problems with practical application of this Law in Russia. A number of regions significantly extend the list of persons liable to compulsory testing for HIV-infection, in violation of the Law, and people living with HIV/AIDS very often have great difficulty exercising their right to free qualified medical care, which is guaranteed by the federal Law. The most frequent reason for denial of care is insufficient financing from federal or regional budgets, but discrimination is not uncommon against patients who, in the opinion of some medical personnel, do not deserve or are unfit for ARV treatment due to drug addiction or other forms of socially unacceptable behaviour. There are also cases when PLWHA are denied employment or are fired if an employer discovers their HIV status. HIV-positive children may be discriminated at pre-school institutions or schools. Children born to HIV-infected mothers and abandoned by their parents offer special cause for concern. They are often kept in infectious disease hospitals for years due to legal irregularities. In the absence of teachers, psychologists and other professionals in these institutions, even HIV-negative children develop mental and emotional retardation due to lack of necessary stimuli.

**C**ivil society plays an enormous role in combating HIV/AIDS in Russia. Most non-governmental organizations (NGOs) working on HIV/AIDS focus their activities on HIV prevention among high risk groups that traditional medical institutions find difficult to contact, and on protecting human rights of PLWHA. Partnership between NGOs, government organizations and UN agencies is increasing year by year, both in joint projects and through participation in work of the Coordinating Council on HIV/AIDS of the Ministry of Health and Social Development, and the Country Coordination Council on AIDS. However, NGOs, especially in the

provinces, often face serious difficulties and even hostility from government health institutions. Almost all NGOs are constantly short of financing because charity mechanisms are not yet developed in Russian society, and there is insufficient government support for their work.

### 5.2.1.2. TUBERCULOSIS

In order to build up capacity of TB services and upgrade tuberculosis control the Russian Government has adopted a Federal Target Program "Urgent Measures for Tuberculosis Control in Russia in 1998-2004", which was reworked in 2001 and extended to 2006. In 2001, the President signed the Law "On Prevention of the Spread of Tuberculosis in the Russian Federation," and the Government subsequently approved Decree No. 892 on implementation of this Law. Cooperation between the Ministry of Health, WHO and major international donors has been organized through the High-Level Working Group on Tuberculosis. Establishment of this Group in 1999 was instrumental in starting a constructive dialogue between Russian and international experts. There has been major progress in revision of existing national methods of tuberculosis control and improving their conformity with international standards, as reflected in the Orders by the Russian Ministry of Health No. 109 "On Improvement of Anti-tuberculosis Measures in the Russian Federation", and No. 50 "On Introduction of Recording and Reporting Documentation for TB Monitoring". However, these positive results are not sufficient to effectively control tuberculosis in Russia. According to WHO,<sup>22</sup> long-term hospital treatment of tuberculosis patients is still common in Russia, which leads to unjustified diversion of limited resources to support a huge infrastructure of

anti-tuberculosis institutions. Another traditionally difficult problem is insufficient cooperation between penitentiary and civilian medical services, leading to interruption of therapy and reducing the effectiveness of tuberculosis treatment. An increasing proportion of TB cases with multiple drug resistance indicate that the current health system is unable to cure a considerable number of tuberculosis cases. Practical implementation of the Directly Observed Treatment Short Course (DOTS), recommended by WHO, remains a difficult task even in its Russian version, especially in remote regions. Apparent lack of qualified personnel and inadequate following of recommendations can jeopardize results that have already been achieved to date. All this is aggravated by the fact that observed convergence of HIV and TB epidemics and the rise in numbers of people living with AIDS, expected in the near future, may deteriorate the tuberculosis situation.

Since the late 1990s several international HIV/AIDS and tuberculosis control projects have been implemented in Russia with the financial support of different UN agencies, USAID, DFID (UK), CIDA (Canada), TACIS, Open Society Institute, and other donors. In 2003, in the framework of the World Bank loan, a major five-year project was launched for fighting tuberculosis (with about USD 100 million financing) and AIDS (USD 50 million financing). In 2004 two programs started in Russia with financial support from GFATM: a large-scale GLOBUS project aimed at HIV/AIDS prevention and treatment in 10 regions of the Russian Federation (about USD 89 million for five years) and a regional TB control project in the Tomsk region (about USD 10 million for five years). It is expected that another five-year project will be supported by the Global Fund in 2005, this time for implementation of treatment programs: USD 120 million for



HIV/AIDS and USD 90 million for tuberculosis. These programs, however, do not cover all Russian needs and are limited in terms of duration: when international projects come to an end, Russia will have to rely on its own resources to combat HIV/AIDS and tuberculosis. There is therefore an urgent need to build up the country's potential and to increase government allocations for long-term implementation of sustainable public health measures, which are independent of donor aid.

## 5.2.2. ADAPTATION OF TARGETS AND INDICATORS OF GOAL 6 TO RUSSIAN CONDITIONS

The application of MDG philosophy in the fight against HIV/AIDS and other major infectious diseases could contribute to strengthening of health in Russia and rise of Russia's Human Development Index. Target 7 "To have halted by 2015, and begun to reverse, the spread of HIV/AIDS" fully corresponds to the country's needs and does not require any modification. Indicator 18 "HIV prevalence among pregnant women aged 15-24" also seems to be adequate for Russia, since further impact of the epidemic in Russia will depend on extent of the spread of HIV/AIDS among the general population. This Indicator might require a slight rephrasing due to the nature of statistical data, which are recorded in Russia. It would best be rephrased as "Percentage of HIV-positive pregnant women".

It is obvious that long-term trends in development of HIV/AIDS epidemics depend on the level of the population's awareness and the prevalence of certain behavior types. The components of Indicator 19 are therefore highly important: "Condom use at last sexual act with non-regular partner" (19a); and

### Box 5.1. Russia's efforts to achieve Goal 6 of the UN Millennium Development Goals: "To have halted by 2015, and begun to reverse, the spread of HIV/AIDS"

The Russian Federation has recently devoted considerable efforts to fighting the HIV/AIDS epidemic. The Government has set up the Coordination Council on HIV/AIDS issues (within the Ministry of Health and Social Development). The Council's members are representatives of nine federal ministries and agencies, nine NGOs, medical practitioners from regions, and people living with HIV/AIDS.

Financing of HIV/AIDS preventive control in Government budgets at all levels has substantially increased. The Federal Anti-HIV/AIDS Program is now being implemented, and funding of preventive activities has substantially increased: federal and regional budgets allotted 2 billion rubles (USD 70 million) for such activities in 2004 alone.

It has become easier for HIV-infected people to obtain access to proper treatment: antiretroviral drugs are becoming cheaper, health services for this category of patients have improved, and medical personnel and social workers have become much better informed about HIV/AIDS issues.

More than 200 Russian non-governmental organizations work with Government organizations and UN agencies in different activities aimed at HIV prevention among different population groups. Five leading NGOs formed a consortium to fight HIV/AIDS in Russia and applied for funding to the Global Fund. The program obtained support and is now being implemented in 10 regions of the Russian Federation. This demonstrates a high professional level of NGOs and positive trends in development of civil society as a whole.

The Russian Federation has supported application of the "Three Ones" principles at the national level. These principles, suggested by UNAIDS, include (1) a single national strategy to control the epidemic, (2) a single national coordinating center, and (3) a single system of monitoring and performance measurement to control HIV/AIDS.

Along with increase of activities against HIV-infection in the country, Russia is also taking an active part in international anti-HIV/AIDS efforts. Russia endorsed the idea of establishing the Global Fund to Fight AIDS, Tuberculosis and Malaria and promised to assign USD 20 million (USD 10 million of which have been already transferred). Russia has brought attention of other CIS member states to the problem of HIV/AIDS in their countries and supported adoption of relevant measures in those countries in pursuance of the UN Declaration of Commitment on HIV/AIDS signed in June 2001. The HIV/AIDS problem receives considerable attention as part of the work of the G8. At the G8 Summit at Sea Island in 2004 Russia and other G8 member states supported the US initiative on establishment of the Global HIV/AIDS Vaccine Enterprise. Another example of international cooperation is the partnership formed by Russia, Brazil, China, India, Nigeria, and Ukraine to exchange technologies on HIV/AIDS matters. Russia has a major scientific potential in this field and is ready to share it with other countries to eradicate the epidemic.

Russia will continue demonstrating its political will to solve problems caused by HIV-infection and applying necessary efforts, both nationally and internationally, to achieve Millennium Development Goal 6 aimed at prevention of HIV/AIDS spread in the world.

A.T. Goliusov

"Proportion of population aged 15-24 years with the accurate knowledge about HIV/AIDS" (19b).

The Indicator "Condom use as a share of contraceptive prevalence" (19c) can show the level of condom use as well as give indirect information about efficiency of campaigns for safe sex. But the fact that this Indicator is determined within the total prevalence of other means of contraception makes

it quite difficult to interpret the data. It is also unclear what levels of this Indicator should be considered optimal for the target setting.

Indicator 20 “Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years” is extremely important for developing countries that have suffered from severe HIV/AIDS epidemics, e.g. sub-Saharan Africa. But this Indicator will not be meaningful in Russia because orphanhood in Russia is almost not associated with HIV/AIDS. Two additional Indicators for Target 7 seem to be much more relevant:

(1) “Number of new cases of HIV-infection registered during a year” - this Indicator shows overall trends of epidemic development; and

(2) “Percentage of people with late stages of HIV-infection receiving adequate therapy” - this Indicator reflects one of the most acute current problems of the Russian epidemic, which is access to life-saving treatment.

Given the structure of infectious disease morbidity in Russia, Target 8 “To have halted by 2015 and begun to reverse the incidence of malaria and other major diseases” should be changed for Russia. It could be formulated as follows: “To have halted the spread of tuberculosis and other socially-determined infectious diseases and considerably reduced incidence of these diseases.” Accordingly, Indicators 21 “Prevalence and death rates associated with malaria” and 22 “Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures” could be omitted.

Indicator 23 “Prevalence and death rates associated with tuberculosis” is essential for Russia, but the following slight reformulation would help to take account of the nature of health statistics, which are collected in Russia:

23a: Tuberculosis incidence per 100,000 population; and

23b: Tuberculosis mortality per 100,000 population.

Russian national standards for tuberculosis treatment are close but not identical to the DOTS strategy recommended by WHO. Therefore, instead of the regular wording “Proportion of TB cases detected and cured under DOTS”, for Russia it would be better to say “Proportion of TB cases detected and cured under direct observation”.

Besides, given the role that STI can play as an indicator of high-risk sexual behavior and as a predictor for further development of the Russian HIV/AIDS epidemic, it is reasonable to add one more indicator to Target 8, namely: “Syphilis incidence per 100,000 population” (Appendix 5.1. Table).

### 5.3. POSSIBLE SCENARIOS AND TARGET PROGRESS INDICATORS

The problem of HIV/AIDS, tuberculosis and other infectious diseases goes far beyond the framework of the health system, threatening adverse consequences for the demographic situation in Russia, development of its human resources, economy and defense potential. As the birth rate in Russia remains at a very low level, the coming increase in HIV/AIDS mortality and possible intensification of the tuberculosis epidemic combined with HIV infection threatens rapid increase of population losses in the next decade. The main victims of these infections are young people who will not be able to work normally and contribute to national welfare. Future aggravation of negative mortality trends may have a negative effect on size and composition of the labor force and considerably speed up the process of depopulation in Russia.

Growing numbers of people in need of long-term therapy will require increase in resources that could otherwise be invested in the country's economic development. There will be a loss of productive potential as family, friends and others are diverted from various activities to take care of HIV-infected people. In the long term there is a threat of overall reduction of activity at the macroeconomic level, causing reduction of output competitiveness and export potential.<sup>23</sup>

Population shrinkage and general health deterioration among conscripts have been causing problems with call-up to the Russian Armed Forces for quite a while. Continuing spread of HIV/AIDS among young people may further reduce supply of conscripts and have negative impact on the country's defense capacity.

The number of people in Russia with HIV/AIDS will inevitably grow in coming years even if effective preventive programs start today. Forecasts by the World Bank<sup>24</sup> and the US National Intelligence Council<sup>25</sup> suggest that the number of HIV-infected Russians may reach 9.6 million by 2015, and in the absence of wide access to ARV therapy male life expectancy may reduce by four years. In such a case, economic consequences of the epidemic could result in a GDP decrease of 7% by 2015. However, the majority of these pessimistic scenarios were based of the HIV trends seen in Russia in 1999-2001. More recent slowdown in spread of the epidemic offers hope that the worst expectations of avalanche-like development of the epidemic will not occur in Russia. Nevertheless, increased HIV/AIDS-related mortality will definitely contribute to already high population losses in Russia in the near future, and the negative demographic effect will be intensified by the fact that HIV/AIDS mostly affects young people with consequent decline of the birth rate.

Limitations of existing forecasts are not a purely Russian phenomenon and are due to the fact that spread of HIV/AIDS is largely dependent on hidden forms of behaviour, which cannot be studied directly. In addition, there are major variations in expert assessments of the size of major risk groups as well as the total number of PLWHA in Russia. As a result, scenarios and forecasts tend to be based on a large number of assumptions, considerably reducing their validity.<sup>26</sup> Dynamism of the epidemiological process, and spread of the disease to new social groups also result in low predictability. The rate and scale of the world HIV/AIDS epidemic in the 1990s considerably exceeded all export forecasts at the beginning of the decade.

According to the prognosis of Vadim V. Pokrovsky, Head of the Federal AIDS Centre<sup>6</sup>, the number of PLWHA in Russia by 2015, assuming realization of the best-case scenario involving large-scale expansion of prevention programs, will be 3 million. In the pessimistic scenario, based on active heterosexual HIV spread among the general population (supported by high STI incidence rates in the country), the number of those infected will be 5-6 million. Forecast of the HIV/AIDS mortality rate is more difficult, but it will largely depend on the levels of access to ARV treatment, which Russia can provide for its citizens in years to come. Taking into account the time of the start of the HIV epidemic in Russia and the average lifespan of untreated HIV-infected persons (12 years), it is obvious that without a large-scale expansion of ARV treatment programs, Russia will see numerous deaths of people living with HIV/AIDS in 2008-2010 and as many as 1-1.5 million lives lost by 2015. The majority of PLWHA will die of tuberculosis, aggravating the general epidemiological situation in the country and leading to even bigger population losses.

Joint impact of HIV/AIDS and tuberculosis on the country's economy will be serious and can put Government targets of eradicating poverty and doubling GDP into question.

In the light of these scenarios Goal indicators for 2015 for Target 7 "To have halted and begun to reverse the spread of HIV/AIDS infection" should be based on optimistic expectations, whose fulfillment will depend on large-scale expansion of prevention and treatment programs. Significant reduction of high-risk behavior could then stabilize the HIV/AIDS epidemic at an endemic level, corresponding to current morbidity levels in the majority of industrialized European countries (i.e. HIV prevalence among the adult population at a level of about 0.3-0.4%). Goal indicators for Target 8 "To have halted by 2015 and begun to reverse the incidence of malaria and other major diseases" would be morbidity and mortality rates registered in Russia in the early 1990s (Appendix 5.1. Table).

### 5.4. MONITORING OF PROGRESS TOWARDS MDG 6

Data collection on the majority of indicators for Goal 6 is not difficult, because the information can be found either in annual statistical data of the Ministry of Health or be easily calculated on the basis of routine statistics. These indicators include:

- "HIV prevalence among pregnant women"
- "Number of new HIV cases registered during a year"
- "Tuberculosis prevalence per 100,000 population"
- "Tuberculosis mortality rate per 100,000 population"
- "Proportion of tuberculosis cases detected and cured under direct observation"
- "Syphilis incidence per 100,000 population"

Behavior indicators are somewhat more difficult, because they require data from special sociological studies:

- Condom use at last sexual act with non-regular partner"
- Proportion of population aged 15-24 years with the right knowledge about HIV/AIDS"
- Condom use rate of the contraceptive prevalence rate" (19c)

However, some of these indicators are already regularly assessed as part of several major studies.<sup>9</sup> In addition, development of the national system of monitoring and evaluation as well as introduction of second generation epidemiological surveillance methods should make it possible to effectively collect all necessary data.

The indicator "Percentage of people with late stages of HIV-infection receiving adequate therapy" can be calculated on the basis of regional statistics and be verified against the data of pilot studies regularly carried out in the framework of monitoring and evaluation of HIV/AIDS control programs.

### 5.5. CONCLUSIONS AND RECOMMENDATIONS

The spread of HIV-infection and its combination with epidemics of tuberculosis and sexually transmitted infections pose a threat to Russia's welfare and security, but timely and appropriate measures can considerably improve the situation. The earlier investments are made in proper programs, the higher will be the economic and social gains in terms of deaths prevented and healthy years of productive life saved. Common problems of the governmental programs to control HIV/AIDS, tuberculosis and STIs are, on the one hand, insufficient financing and, on the other hand, diversion of major funds to

support existing medical infrastructure, which does not match the new epidemiological conditions. Effective public health measures that are most appropriate for the current situation often represent a major challenge to traditional thinking and entrenched financing mechanisms, so that obstacles are placed in the way of their introduction to practice.

The following recommendations can be made based on analysis of the situation with HIV/AIDS and other major infectious diseases in Russia:

1. Russia urgently needs a political commitment to fight HIV/AIDS that implies recognition of the problem by the country's leadership and continuous implementation of comprehensive measures against the epidemic. Experience of other countries strongly suggests that in the absence of far-sighted leadership, control of the epidemic will be limited and ineffective.

2. It is necessary to overcome current lack of administrative coordination in dealing with HIV/AIDS. To achieve this, there is need for a single government body or a joint committee on HIV/AIDS that would be authorized to develop and supervise implementation of anti-HIV/AIDS programs on the federal, regional, and municipal levels.

3. Financing of anti-HIV/AIDS and tuberculosis measures should be substantially increased to fully cover all expenses required for prevention and treatment programs. International grants and credits cannot substitute Russian Government funding for epidemic control.

4. A comprehensive strategy to address HIV/AIDS should be included in Russia's long-term economic programs. The most effective control measures, including ARV therapy, should be instated as Government policy and secured with strong financial guarantees.

5. HIV/AIDS epidemiological surveillance needs to be improved to assure better forecasting and efficient decisions to fight the epidemic. The registration of new HIV cases –

currently the basis of epidemiological surveillance in the country - should be supplemented by second-generation methods, i.e. by regular HIV/AIDS monitoring among target population groups and by behavioral studies.

6. The health system should learn how to provide services, which are needed for difficult categories of patients with high-risk behavior, whose numbers are expected to rapidly increase in the near future. Given the size of the problem, the required optimization of treatment methods will need to be based on wider use of out-patient approaches and internationally recognized, standardized therapy regimens.

7. Mass awareness campaigns are needed on HIV prevention among the general population and to promote tolerance and non-stigmatization of people living with HIV/AIDS.

8. Drug use was and is the major cause of HIV/AIDS spread in Russia. Experience of other countries proves that prevention measures targeting IDUs, including needle exchange programs and improved access to drug dependency treatment, can substantially reduce spread of HIV-infection. Therefore, along with measures to reduce supply of and demand for narcotics, Russia needs to support harm-reduction programs. Treatment and rehabilitation of drug addicts also needs to be improved, including provision of access to substitution therapy.

9. International experience shows that repressive strategies are ineffective in fighting HIV and provide a very negative impact on the legislative climate necessary for implementation of modern anti-epidemic programs. HIV control in Russia should be organized in full conformity to international recommendations as a comprehensive package of medical, economic, and social measures, with due observance of human rights obligations.

10. Considerable reduction of prices for ARV drugs is absolutely crucial for the implementation of large-scale sustainable programs of HIV/AIDS treatment in Russia. This

can be achieved through a range of measures, including negotiations with pharmaceutical companies, importing generic drugs, national production of ARV medicines, etc.

11. It is necessary to expand cooperation with NGOs fighting HIV/AIDS, and this should include development of mechanisms to provide such NGOs with government support, particularly financial support, which could be done by contracting NGOs for provision of treatment and prevention services.

12. People living with HIV/AIDS should be actively involved in development and implementation of programs aimed at fighting the epidemic.

13. Another financial resource for HIV/AIDS programs could be partnership between business and society. Russian businessmen and trade unions are potentially powerful allies in fighting HIV/AIDS, but they are not yet involved in the process. Business leaders can

contribute to the fight against HIV/AIDS by supporting educational programs that inform employees on HIV/AIDS prevention measures, by publicly denouncing stigmatization of PLWHA, and by support of public awareness and other prevention campaigns on HIV/AIDS.

To conclude, successful combating of HIV/AIDS and other major infectious diseases is only possible through a comprehensive approach based on best international practices in prevention, treatment, care, and human rights. To succeed Russia will need serious reform of its health system, substantial increase in financing of epidemic control programs, and united efforts by government structures, the business sector, NGOs and people living with HIV/AIDS. None of these tasks are easy, but addressing each of them will contribute to national well-being and prosperity.

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2. Data of the Federal Centre for AIDS

3. "Na poroge epidemii. Neobkhodimost' neotlozhnikh mer v bor'be so SPIDom v Rossii". Report of the USA-Russia work group on the fight against HIV/AIDS. TPPS, 2003, p. 38

4. The HIV/AIDS Surveillance Department at the Federal Service of the RF for Surveillance of Consumer Rights Protection and Human Welfare

5. A.P. Seltsovsky, S.V. Poliakov, A.I. Mazus, E.M. Kozhokin, T.S. Gruzhenkova, A.Y.Olshansky, E.A. Briun, S.P. Kandaurov: "HIV/AIDS v Rossii: tendentsiyi, problemy, mery protivodeistviya", Moscow 2004, p. 47

6. V.V. Pokrovsky "VICH infektsiya v Rossii: prognoz.Voprosy virusologii" 2004, №3, pp. 31-34

7. Decree of the Head National Sanitary Doctor of the RF №16, 25.04.2005 "O dopolnitel'nikh merakh po protivodeistviyu rasprostraneniya VICH-infektsii v Rossiyskoi Federacii"

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## Appendix 5.1

**Table. MDG Goal 6. Combat HIV/AIDS and other diseases**

MDG Targets	MDG Targets in the Russian context	Indicators of progress in achieving the goals	Indicators of progress in achieving the goals for Russia	Current value of the indicator	Goal indicators for year 2015
Target 7. Halt and begin to reverse the spread of HIV/AIDS	Target 7. Halt and begin to reverse the spread of HIV/AIDS	18. The number of persons infected among pregnant women aged 15-24 years  19. Frequency of use of condoms  19a. Use of condom in the last sexual act with a non-regular partner  19b. Percentage of persons aged 15-24 with correct knowledge on HIV/AIDS  19c. The frequency of using a condom as a proportion of general use of contraception  20. The percentage of orphans among school children aged 10-14	18. The percentage of pregnant women that are infected with HIV/AIDS  19a. Use of condom in the last sexual act with a non-regular partner  19b. Percentage of persons aged 15-24 with correct knowledge on HIV/AIDS  19c. The frequency of using a condom as a proportion of general use of contraception  ...Number of new HIV infections registered within the course of a year  ...The percentage of people in late phases of HIV/AIDS who receive adequate therapy	~0.3%  ~40-50%  ~30%  No data  ~38,000  ~5-10%	No more than 0.4%  ~80%  ~80%    ~25,000  ~85%
Target 8. Halt and begin the reverse the incidence of malaria and other major diseases	Target 8. Halt and begin the reverse the incidence of tuberculosis (TB) and other socially-determined infectious diseases	21. Indicators of the spread of malaria and related mortality  22. The proportions of population living in areas of high risk of malaria, who use effective preventative and treatment measures  23. The indicators of spread of tuberculosis and related mortality  24. Proportion of tuberculosis cases that are diagnosed and undergo medical treatment in accordance with the short course of directly observed treatment (DOTS)	-  -  23a. Tuberculosis incidence per 100,000 population  23b. Tuberculosis mortality per 100,000 population.  24. Proportion of TB cases that undergo medical treatment under direct observation  ... Syphilis incidence per 100,000 population	~90  ~35  ~95	35  10  80%  ~10



# Ensuring environmental sustainability

The aim of Goal 7 is to ensure environmental sustainability for the planet and for individual countries. Sustainable development has been a fundamental theme of the UN over the last two decades. Major UN forums in Rio de Janeiro (1992) and Johannesburg (2002) were dedicated to questions of sustainable development and how mankind can achieve it. The urgency reflects awareness of ecological dangers and of an impasse connected with current economic models worldwide. A build-up of environmental deformations, some of them global, are threatening mankind's future and his very existence. Human health and well-being are under threat in many countries. In order to be sustainable, development must

## Box 6.1. The Russian Presidential Decree "Concept for Russia's Transition to Sustainable Development" (1996)

Sustainable development is "stable socio-economic development, which does not destroy its natural basis. Improvement of people's quality of life must not exceed limits of the biosphere's tolerance to economic activities, beyond which there is a risk of damage to natural mechanisms of environmental regulation and a threat of global environmental changes".

meet the needs of today's generation without compromising the ability of future generations to meet their needs.

The Russian Presidential Decree "Concept for Russia's Transition to Sustainable Development" was issued in 1996 on the basis of UN decisions and gives priority to the relationship between improvement of living standards and socio-economic development, on the one hand, and environmental limitations, on the other hand. This Concept is in line with the MDG ideology (Box 6.1).

The World Summit on Sustainable Development (Johannesburg, 2002) decided to adopt and implement world-wide sustainable development strategies, starting from 2005.

## 6.1. PROBLEMS OF ENSURING SUSTAINABLE DEVELOPMENT

There is a growing awareness in the world that Russia is the main "environmental donor" on the planet and the main contributor to sustainability of the biosphere. The country has the largest forested area (over 20% of total world forest), the largest expanse of virgin land, huge water resources, and unique ecosystems and biodiversity. The economic value of services rendered by Russian natural ecosystems to prevention of global climate change is estimated at USD 50-150 billion a year.<sup>1</sup> Russia's natural resource capital also plays a major role in the world economy since the country has 30% of world reserves of natural gas, approximately 10% of oil reserves, 50% of diamonds, 25% of nickel reserves, 17% of tin, etc. For these reasons, achievement of environmentally sustainable development in Russia is important for the whole of mankind and not only for Russians.

The targets and indicators, which Goal 7 sets for human development, imply solution of two main problems in ensuring environmental sustainability:

- to reduce anthropogenic environmental impact and natural resource depletion;

- to improve environmental conditions of human development, to reduce environmental threats to people's security, health and daily lives. (Goal 7, its targets and indicators in the world and Russian contexts are shown in Appendix 6.1, Table 1).

Over the last two decades Russia has taken two steps towards addressing these issues: first, strategic directions for protection of the environment in Russia have been finalized; and, second, legal and regulatory foundations for environmental protection have been laid. Much environmental legislation and strategic documents for sustainable development have been put in place since the 1990s. The following documents deserve mentioning: "Foundations of the Strategy of the Russian Federation on Environmental Protection and Attainment of Sustainable Development" (1994); the Russian Presidential Decree "Concept for Russia's Transition to Sustainable Development" (1996); the Environmental Doctrine of the Russian Federation (2002); the Federal Target Programme of the Russian Federation "Environment and Natural Resources" (2002-2010), etc. In 2002 a new Federal Law "On Environmental Protection" was adopted. A total of over 30 federal laws and approximately 200 bylaws are effective in the country concerning environmental protection and use of natural resources.

The 1993 Constitution of the Russian Federation, Article 42, establishes the constitutional right of Russian citizens "to a favorable environment, ... and to compensation of damages caused to health or property by any violation of legislation on ecology".

Russia has actively promoted efforts by the international community to stabilize the global environmental situation. The Kyoto Protocol on prevention of global cli-

mate change could not take effect without Russian ratification, which was provided in 2004. Russia has also helped global environmental sustainability by ratifying the Convention on Biodiversity and the Montreal Protocol on Substances that Deplete the Ozone Layer. The country has joined the UN Convention to Combat Desertification and ratified the Stockholm Convention on Persistent Organic Pollutants.

Paradoxically, Russia's deep socio-economic crisis in the 1990s had a favorable effect on the natural environment: sharp recession in industry, agriculture the timber industry and other sectors reduced emissions and discharges of polluting substances into air and water, and reduced rates of natural resource depletion and degradation. These tendencies are clear in Table 6.1., which

**The 1993 Constitution of the Russian Federation, Article 42, establishes the constitutional right of Russian citizens "to a favorable environment, ... and to compensation of damages caused to health or property by any violation of legislation on ecology".**

shows that discharge of polluted effluents dropped by almost one third in 1990-2003, pollutant atmospheric emissions dropped by one quarter, use of natural water sources fell by one third, deforestation rates were halved, oil extraction slipped by 18% and coal production was 30% lower.

However, this "respite" for the environment ended as the Russian economy began to grow in 1999. Air pollution from stationary sources has started to rise, and air pollution from motor transport has grown more quickly; and production of energy sources, mainly oil, has increased by 1.4 times compared with 1995 (Table 6.1). The

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**Table 6.1. Basic indicators of industrial impact on the environment and natural resources depletion in Russia (1985-2003)**

	1990	1995	2000	2001	2002	2003
Discharge of polluted effluents, billion m <sup>3</sup>	27.8	24.5	20.3	19.8	19.8	19.0
Atmospheric emissions of polluting substances, million tons, of which:						
from stationary sources	34.1	21.3	18.8	19.1	19.5	19.8
from motor transport	21.0	11.0	13.5	14.2	14.4	14.8
Water intake from natural sources, billion m <sup>3</sup>	106.1	86.6	75.9	74.6	72.7	72.2
Hazardous waste, million tons	...	83.3	127.5	139.2	210.6	287.3
Deforestation, million m <sup>3</sup>	283.5	124.8	130.0	127.0	122.8	126.1
Oil (million tons)	516	307	324	348	380	421
Gas (billion m <sup>3</sup> )	641	595	584	581	595	620
Coal (million tons)	395	263	258	270	256	277

problem of waste utilization is becoming acute: waste creation has growth by 3.4 times since 1995, and the level of recovery and neutralization has only improved by 60%.

Improvement of sanitary conditions along with reduction of environmental impact from the economy gave an overall improvement in living conditions, in line with the targets of Goal 7. As can be seen in Table 6.2, there has been substantial improvement of conditions in all types of settlements. In the country as a whole, water mains, sewerage, central heating and gas are supplied to 70-75% of housing (by area), while baths (showers) and hot water are available in 61-65% of

**Table 6.2. Table 6.2. Development of housing amenities (proportion of housing area, %)\***

	Water-main	Sewerage	Central heating	Bath (shower)	Gas	Hot water supply
<b>Housing, total</b>						
1993	66	61	64	57	70	51
2003	75	70	75	65	70	61
<b>Urban</b>						
1993	83	80	84	75	68	69
2003	87	85	88	80	69	77
<b>Rural</b>						
1993	30	19	20	16	73	9
2003	41	32	41	25	75	20

\* Statistical survey of rural housing amenities has only been carried out since 1993.

housing. Urban housing is substantially better provided with these amenities compared with rural housing. Despite significant worsening of rural living standards in the 1990s due to the crisis in agriculture, provision of amenities in rural settlements improved. Rural areas saw marked improvements in provision of water mains (11% increase in the areas of housing supplied), sewerage (13%), central heating (21%) and hot water supply (11%).

Upgrade of the housing stock and improvement of engineering infrastructure is helping to reduce resource consumption and environmental impact. Thus, in 1995-2003 average daily water supply to housing and other social needs was reduced by almost 30%, from 303 liters to 222 liters. Though this indicator is still high by world standards, this tendency is encouraging.

Despite reduction of environmental impact and improvement of housing amenities, the environmental situation in the country as a whole remains difficult. Moreover, a series of tendencies are shaping up in Russia, which may counter its sustainable development. These include:

- impact of environmental pollution on human health;
- structural shifts in the economy, tending to increase the proportion of sectors, which use natural resources and create pollution;
- high level of indicators for use of natural resources and creation of pollution;
- environmentally unbalanced investment strategy, which leads to growing disproportions between sectors, which use natural resources, and other sectors, which carry out refining, processing and infrastructure tasks;
- high levels of equipment depreciation;
- negative dynamics and values of macro-economic indicators, which take account of the environment factor;

- understatement of economic value of natural resources and services;
- natural-resource-based export;
- imperfect legislation;
- inadequate mechanisms for exercising ownership rights to natural resources;
- inefficient environmental protection management;
- underestimation of the potential for sustainable development, lack of long-term environmentally balanced economic strategy, etc.

We will now review main aspects of the tendencies listed above.

Levels of environmental pollution and development of amenities have major influence on the key parameter of human development: health and longevity, i.e. human capital as a whole. Relevant key indicators raise concerns about successful human development in Russia, as has been discussed in previous Chapters of this Report. Approximately 60 million people now live in zones of Russia with an adverse environmental situation (15% of the country's territory). Since 1999 the number of cities with high and very high levels of atmospheric pollution has increased 1.6 times, and 60% of the urban population live in such cities.<sup>2</sup> The share of drinking water samples, which do not meet hygiene standards is approximately 20%, and the basic problems are inadequate water treatment technology and high levels of depreciation of water supply networks (more than 60-70%).

Relatively high levels of water and air pollution, and of waste production in comparison with world standards also present health hazards in Russia. As part of increasing international attention to environmental impact on human health, the World Health Organization (WHO), US Environmental Protection Agency and other organizations

have prepared a methodology for human health risk assessment. Results of the assessment have been taken into account in decision-making processes by executive and legislative authorities in many countries. In particular,

## Levels of environmental pollution and development of amenities have major influence on the key parameter of human development: health and longevity, i.e. human capital as a whole.

experts at Moscow State University have used the methodology to calculate economic costs of damage to human health in Russia, caused by air and water pollution. The figures suggest costs equal to between 3% to 6% of GDP.<sup>3</sup> These are high levels and represent a powerful argument for transition to environmentally sustainable economic development, and correction of several national development priorities with a view to the environment.

Unsustainable trends in Russian development are related in many respects to underestimation of the environmental factor in macroeconomic strategy, leading to further degradation of the environment and depletion of natural resources. The ongoing rise of the economy threatens to aggravate these processes, due to restructuring of the economy in the 1990s in favor of high environment exploitation (raw material-based and polluting industries), and deterioration of resource-economical and high-tech industries. This tendency is clear through the period 1990-2003 (Appendix 6.1, Table 2). The relative weight of the fuel industry had increased by 2.5 times in 2003 compared with 1990 to 20%. The share of the electric power industry had risen by three times (from 4% to 12.1%). The share of ferrous metallurgy in overall structure of the industrial sector increased 1.7 times over 1990-2003. During the same period the share of sectors, which have little environmental impact, has

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### The main obstacle to sustainable development in Russia is the inefficient, environment-exploiting structure of the economy.

considerably declined. The share of high-technology branches of mechanical engineering and metal working dropped from 32% to 20% between 1990 and 2003, and there has been catastrophic recession in light industry. The economy as a whole has seen considerable shift towards sectors, which make huge use of natural resources.

**B**adly balanced investment strategy, which causes growing disproportions between environment-exploiting sectors of the economy and processing sectors, aggravates environmental problems. In the absence of environmental or economic limitations and incentives the only criterion of efficiency is quick generation of high profits, and that is best achieved by exploitation and/or sale of natural resources (oil, gas, timber, etc.).

**I**ncreasing "weight" of Russia's economic structure from the viewpoint of environmental impact has been accompanied by deteriorating age structure of production facilities, and, as a consequence, by increased numbers of environmental incidents and disasters. Old equipment is replaced too slowly due to insufficient financing. Depreciation in some sectors is at levels of 50-60%.

**D**ecentralization of environmental management has become a considerable problem. In the 1990s, under conditions of industrial recession and growing social problems, environmental protection standards were

**Russia's long-term environmental priorities are set out in Presidential Decrees and Russian Government strategy documents, which deal directly or indirectly with sustainable development.**

relaxed. This was reflected in steady reduction of the influence of environmental agencies within the Russian Government. The Ministry of Environmental Protection and Natural Resources, which had considerable power, existed from 1991-1996, but was then transformed into the Committee for Environmental Protection with sharply reduced functions and influence. In 2000 the Committee was disbanded and its functions transmitted to the Ministry of Natural Resources, whose main purpose is productive use of natural resources.

**N**atural resource and environmental protection in the Russian Government is now vested in three bodies: the Ministry of Natural Resources of the Russian Federation; the Federal Agency for Hydrometeorology and Environmental Monitoring; and the Federal Environmental Technological and Nuclear Inspectorate. This disintegration of environment protection management does not promote environmental sustainability. Departmental functions may be duplicated (for example, the situation with environmental inspections is confusing) or, conversely, overlooked (for example, accurate identification of pollution impact on public health).

**T**here are also legal problems. Environmental legislation in Russia is extensive, but its application to bring environmental offenders to book is problematic, due to inefficiency of enforcement mechanisms and sanctions. Environment protection norms and rules are dispersed among 800 various documents, of which 80% have recommendatory character. A large number of violations go unpunished, available legal sanctions (high penalties, closure of environmentally harmful enterprises or facilities, legal claims by citizens and public organizations for environmental damage) tend not to be applied.

**S**o, the main obstacle to sustainable development in Russia is the inefficient, envi-



ronment-exploiting structure of the economy. Backwardness of the processing and transforming industries, and of infrastructure and distribution, backward and dirty technologies lead to constant or increasing environmental impact, high losses of natural resources and raw materials, and extra pollution.

## 6.2. TASKS FOR ENSURING ENVIRONMENTAL SUSTAINABILITY FOR RUSSIA

### 6.2.1. THE OUTLOOK FOR SUSTAINABILITY BASED ON RUSSIAN GOVERNMENT ACTION

Russia's long-term environmental priorities are set out in Presidential Decrees and Russian Government strategy documents, which deal directly or indirectly with sustainable development. Russia has set itself two Federal Target Programmes, "Environment and Natural Resources" and "Housing", which both have relevance for the environment. Both are scheduled for implementation up to 2010 (Box 6.2). In 2003 the Government adopted "Foundations of State Strategy for Use of Minerals and Sub-soil Resources". There are also National Environmental Action Plans (NEAPs), which comprise legislative and normative acts, as well as some other Federal Target Programmes, which are currently being developed and implemented. Three NEAPs have been adopted by the Government to date (for 1994-1995, for 1996-1997, for 1999-2001). The Ministry of Natural Resources adopted an Action Plan for Implementation of the Environmental Doctrine of the Russian Federation in 2003-2005.

However, the task of environmental sustainability is insufficiently taken into account in recent strategic documents of the Russian Government, which treat environmental problems as matters for tactical and short-

term action rather than complex long-term policy. Official Government programmes for the short term, medium term and long term perspectives give minimal attention to environmental problems. The same neglect is evident in recent draft programmes, particularly the summary report "Goals, Targets and Performance Indicators of Budget Subjects (Federal Ministries, Services and Agencies supervised by the Russian Federal Government)" (2004).

There are objective and subjective reasons, which cause underestimation of the environmental factor in economic development and decision-making. The most common objective reason is inefficiency of the traditional market model of the economy for solution of environmental problems. This is an international problem and has led to the appearance of global and regional environmental problems (the "market failures" of theory) (Box 6.3). But in Russia's case the underestimation was also due to the above-mentioned sharp decline of industrial production in the 1990s, which temporarily reduced natural resource use and aggregate pollution.

Important subjective reasons include: an attitude to ecological restrictions, which views them as barriers to economic growth, adherence to the slogan "first the economy, then ecology"; fixation of decision-makers on short-term objectives ("patching holes"); the illusion of inexhaustibility of Russia's huge resources and its huge expanses spaces, which seem able to absorb/disseminate pollution ad infinitum, etc.

#### **Box 6.2. The structure of the Federal Target Programme "Environment and Natural Resources"**

The Programme includes eleven sub-programmes: "Forests", "Water Resources and Natural Areas of Water", "Water Bio-Resources and Aquaculture", "Quality Management of the Environment", "Waste", "Support of Special Protected Natural Areas", "Preservation of Rare and Vanishing Animals and Plants", "Protection of Lake Baikal and the Baikal Natural Area", "Revival of the Volga", "Hydro-meteorological Support of Life Safety and Rational Use of Natural Resources", "Progressive Technologies in Cartography and Geodetics".

## Chapter 6

### There are objective and subjective reasons, which cause underestimation of the environmental factor in economic development and decision-making.

**T**ransition to sustainable development requires incorporation of the ecological factor in the system of basic social and economic development indices. This MDG ideology matches this idea. Underestimation of the ecological factor in decision-making is in many respects connected with the fact that traditional development indicators neglect the value of natural capital and degradation of the environment: GDP, per-capita income, etc., ignore ecological degradation. Growth of these indicators in Russia today is due to technogenic environment-exploiting development. But this very process creates potential for sharp deterioration of economic indicators in the future due to natural resource depletion and environmental contamination.

**T**he international community is working on development of criteria and measures of sustainable development, which sometimes involve a highly complex system of indicators. The United Nations offers a system for “Integrated Environmental and Economic Accounting”, the World Bank uses the concept of “Genuine Savings”, the OECD and the European community have GARP1, GARP2, TEPI, etc.<sup>4</sup> The basic point in these approaches is an attempt to take account of the damage caused by environmental pollu-

#### Box 6.3. “Market failures”

Environment degradation, natural resource depletion, and excessive pollution point to market malfunctions. From the conceptual point of view, “market failures” in environmental protection are, primarily, connected with the impossibility of adequate accounting for social costs, due to environmental damage, external effects (externalities) that complicate implementation of a “polluter pays” principle, and the problem of open access to natural resources, their less-than-fair price, if any, etc. The essential problem for the market is vagueness and short-sightedness. Vagueness is caused in many respects by lack of knowledge about laws of ecosystem functioning, which leads to neglect of distant and difficult-to-predict consequences of market decisions. There is also the problem of market “myopia”: fixation on quick results, mainly profit, while underestimating long-term damage and benefits.

tion and depletion of natural resources at the macroeconomic level, and to adjust basic economic development indicators in the light of ecology. For example, data published by the World Bank, calculated using the genuine savings method, show significant variance between traditional economic and ecologically adjusted indicators for all countries. In Russia the genuine savings indicator has been negative throughout recent years, and urgently needs to be taken into account in the current conditions of economic growth. So, while from the conventional standpoint the year 2000 was the most prosperous for the Russian economy in many years (GDP grew by 9%), genuine savings were negative (-13%), mainly due to depletion of the raw-material base.

### 6.2.2. ADAPTATION OF TARGETS AND INDICATORS OF GOAL 7 TO RUSSIAN CONDITIONS

**U**se by the Russian Government of MDG ideology regarding ecologically sustainable development would promote increase of environmental management efficiency and solution of environmental problems, and would reduce ecological threats to public health. The latter goal, which is reflected in many core documents of the United Nations, is accepted and supported by Russia, although Russia has not done all it could for its realization. We will now consider Targets and Indicators of Goal 7 in more detail, review their adequacy to Russian realities and propose other targets and indicators, which are more suitable to the Russian context of sustainable development.

**T**arget 9 “Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources” is consistent with

Russia's targets both in the short term and long term. The future of Russia, development of the human potential of its future generations, preservation of the world's greatest natural capital, and support of Russia's globally important ecosystem, depends on successful achievement of this target. The only amendment, which may be needed, is to the words "environmental resources". The exhortation to "reverse the loss of environmental resources" seems to refer mainly to renewable natural resources (soil, forests, water, etc.), which are crucial for the overwhelming majority of less developed countries. For Russia, the most serious problem is depletion of non-renewable mineral resources (oil, gas, metals and so on), and obviously it is unfeasible to completely stop them being used up. It makes more sense, therefore, to call for prevention of environmental resource loss by their excessive or ineffective use - that may be applicable to all resources and corresponds to the meaning of the word "losses" in the Russian language. In this case target 9 should read as follows: "Integrate the principles of sustainable development into country policies and programmes and prevent losses of natural resources".

This target is strictly connected with economic growth and its quality. Here again the major indicator is that of GDP energy intensity or, which is the same, energy consumption per 1 dollar of GDP, as in the MDG wording (Indicator 27). This indicator is No. 1 priority not only for ensuring environmental sustainability, but also, perhaps, for the whole national economy in Russia. A number of points should be stressed in this regard:

- the leading role of the energy sector in the Russian economy in formation of GDP, taxes, state budget incomes, employment, and export incomes;
- the energy sector is the major contributor to environmental pollution, depletion of natural resources and degradation of huge

## Use by the Russian Government of MDG ideology regarding ecologically sustainable development would promote increase of environmental management efficiency and solution of environmental problems, and would reduce ecological threats to public health.

- virgin territories in Russia. The sector is the largest polluting factor in Russia, produces more than 50% of all harmful atmospheric emissions in the country, approximately 20% of contaminated effluent, more than 30% of solid industrial waste and up to 70% of total greenhouse gases;
- the indicator of energy intensity is a representative indicator of sustainable development, reflecting both economic and ecological aspects;
- the role of the energy sector in the economy will remain the same in the future, judging by plans to increase its production, leading to increase of anthropogenic impact on the environment in Russia;
- there is urgent need for major reduction of energy intensity in the Russian economy, with realization of energy-saving programmes.

Energy intensity in the Russian economy is currently extremely high, and must be reduced. In a development that was unique in the world, Russia showed growth of the indicator by 16% in the 1990s.<sup>5</sup> Figure 6.1 shows energy intensity indicators of the countries ranking high in the UN Human Development Index, calculated on the basis of UN statistics. Russian energy intensity is on average 2.5-4 times higher than for these countries. Certainly, Russia is a northern country, but the indicators of the Scandinavian countries suggest huge potential for energy saving in Russia. The example of Norway is characteristic: it is a northern country like Russia, has significant power resources and at the same time

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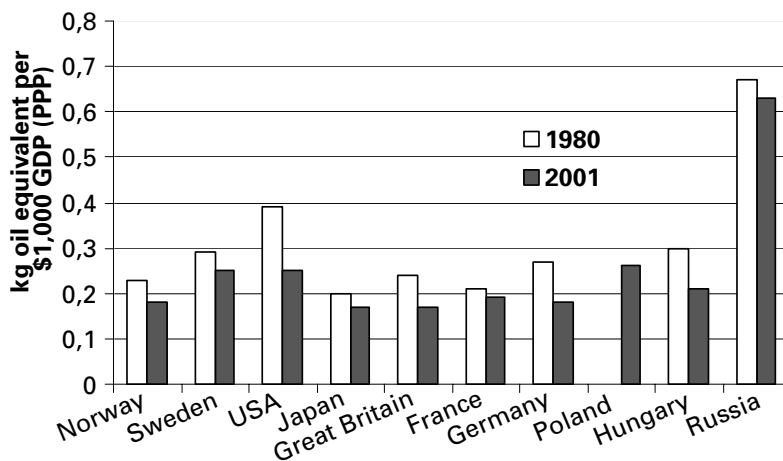
energy intensity is 3.3 times lower. East European transition economies - Poland and Hungary - have considerably lower energy intensity. The greatest progress in reducing GDP energy intensity has been achieved in the USA, Germany and Hungary, which have cut the indicator to about a third of its 1980 level.

Other indicators for Target 9 are also closely connected with development of energy production. Emissions of carbon dioxide have special importance in connection with ratification of the Kyoto Protocol by Russia. At present 96% of national emissions of carbon diox-

**According to commitments under the Kyoto Protocol, Russia should produce no more greenhouse gases during the first budgetary period of the Protocol (2008-2012) than in 1990. These are very mild requirements for Russia by virtue of its significant reduction of emissions following the economic crisis of the 1990s.**

ide are due to fuel combustion for production of power and heat. Carbon dioxide is the main greenhouse gas influencing global climate

**Figure 6.1. Indicators and dynamics of energy intensity (kg of oil equivalent per \$1,000 GDP at PPP) \***



\*Calculated by: Human Development Report. 2004. UNDP, New-York, 2004, pp.207-208.

change. In the MDG this indicator is defined as “carbon dioxide emissions per capita and consumption of ozone-depleting CFCs (ODP tons)” (indicator 28). It should be pointed out that ozone-depleting substances included in this indicator have not been produced in Russia since 2000, so they are no longer relevant for the country. It should also be noted that performance of the Kyoto Protocol is not measured by carbon dioxide emissions per capita, as proposed in the MDGs, but by performance of countries’ obligations regarding total amounts of carbon dioxide emissions. Therefore, the MDG indicator 28 should be reworded for Russia as “Carbon dioxide emissions (tons)”. According to commitments under the Kyoto Protocol, Russia should produce no more greenhouse gases during the first budgetary period of the Protocol (2008-2012) than in 1990. These are very mild requirements for Russia by virtue of its significant reduction of emissions following the economic crisis of the 1990s. Russia now emits only 70% of its 1990 carbon dioxide emission levels. Obligations of other countries are much tougher: the overwhelming majority of advanced countries must combine the goal of economic growth with the goal of reducing emissions of greenhouse gases by 6-8%. Rigidity and economic burden of those obligations have persuaded the USA to abstain from Kyoto Protocol ratification.

The indicator, which we suggest for Russia, “Population size in highly-polluted urban areas (million people)”, is also related to power generating. The contribution of energy production facilities to air pollution is approximately half of total pollution from fixed stationary sources. This indicator is a modification of MDG indicator 29 “Proportion of population using solid fuels”, which is not relevant for Russia due to insignificance. Nevertheless, the purpose of the MDG indicator is obvious enough: to monitor the number of people liv-

ing with high levels of air pollution, and reduction of those numbers. This target is acute for Russia, particularly in big cities with high levels of pollution. The number of such cities totals 145 with total population of approximately 60 million.

**M**DG target 9, connected with realization of sustainable development principles, includes two other indicators, which, in the Russian context, are related in many respects to forestry:

- proportion of land area covered by forest (indicator 25);
- proportion of territory protected to maintain biological diversity of terrestrial environment (indicator 26).

**T**hese indicators can be applied as they are in Russian strategies/programmes. Russia is in a good position regarding forestry and biodiversity, occupying one of the leading positions in the world. The country has the world's largest forested territory and forested territory as a percentage of total territory is also one of the highest in the world at 45%. The crisis of the 1990s saw sharp reduction of deforestation, favoring preservation of forested areas. However, the "forestation" indicator has huge regional differentiation, varying from 0.2-1.0% (Kalmykia, Nenets Autonomous Area) to 70-80% (Republic of Komi, Irkutsk Region, Primorsky Krai, etc.). A low percentage of forested territories is characteristic in many regions of the European part of the country, which makes efforts to preserve and increase forested territories quite relevant there.

**T**he percentage of territory, which is protected for conservation of biodiversity, is quite high in Russia. The country has more than 15,600 nature reserves. Statistical indicators for biodiversity conservation in Russia's regions only include data on federal reserves and national parks, which occupy approxi-

mately 2% of Russian territory. Other federal protected territories (special reserves and sanctuaries) take up another 1% of the country. The remaining 15,000 territories, controlled at

**Russia is in a good position regarding forestry and biodiversity, occupying one of the leading positions in the world. The country has the world's largest forested territory.**

regional and local levels, also fulfill functions of environmental stabilization and preservation of biodiversity. There are another 35 wetland territories of international importance in Russia, and 17 world heritage sites, of which 11 are cultural heritage sites and 6 are natural heritage sites, etc. The overall size of protected natural territories amounts to 10.5% of the total area of the country.

**M**DG Target 10 concerns improvement of people's clean drinking water supply, and the corresponding Indicator 30 estimates the share of population having steady access to a source of good quality drinking water in cities and rural localities. The importance of this indicator is obvious: at present 2 billion people in the world are not provided with clean drinking water, and this is the cause of numerous diseases and deaths. For Russia this indicator can be amended to "Proportion of housing with mains water, urban and rural". Table 6.2 shows that this indicator is close to 90% in cities, and the proportion of rural dwellings with mains water is over 40%.

**T**he theme of MDG target 11 is improvement of living standards: "By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers". Two indicators are used to assess progress in achieving this Goal: "Proportion of urban population with access to improved sanitation" (indicator

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### Possible perpetuation of the raw material basis of the Russian economy due to admission to the WTO could have unpredictable ecological consequences.

31) and "Proportion of households with access to secure tenure, owned or rented" (indicator 32). The target definition itself on improvement of living conditions of the population is quite suitable for Russia, although its interpretation in the MDGs as related to inhabitants of slums is irrelevant. As a general target for the country we would propose the following: "To improve housing development and quality". Two indicators could be informative for Russia: "Proportion of housing with drainage, urban and rural" and "Proportion of dilapidated and tumbledown housing". Dynamics of the former indicator are shown in Table 6.2. The indicator of dilapidated and tumbledown housing is now above 91.255 million square meters, and it is climbing: the total area of such dwellings has increased by 2.4 times since 1995, from 1.4% to 3.2% of total housing. In 2003 approximately 5 million Russians lived in dilapidated and tumbledown buildings. Most of these people had incomes below the subsistence minimum, and were unable to improve their living conditions.

### 6.3. SCENARIOS AND TARGET INDICATORS FOR TRANSITION TO SUSTAINABLE DEVELOPMENT

#### 6.3.1. ENVIRONMENTAL SUSTAINABILITY OF ECONOMIC DEVELOPMENT SCENARIOS

**E**nvironmental sustainability in Russia will be influenced in the near future by a range of factors. Ecological effect of some factors can be defined unequivocally as negative: escalating extensive production of raw materials; continuation of the policy of natural resources

export; territorial expansion of economic activity and destruction of extensive natural ecosystems; an increasing number of industrial accidents due to deterioration of equipment; structural change in the energy balance due to partial replacement of gas with coal, etc.

**T**here are concerns about the state of Russia's reserves of natural resources. The draft, prepared in 2004 by the Ministry of Natural Resources, of a "Long-term State Programme for Subsoil Reserve Studies and Mineral Resource Replacement in Russia Based on the Balance of Consumption and Replacement of Mineral Resources up to 2020" gives a pessimistic assessment of real stocks. Commercial stocks of many minerals, including oil, uranium, copper, and mined gold, will run low in 2015. Oil and gas reserves in the Volga-Ural and West-Siberian regions are running out. Depletion of main oil and gas provinces in the Northern Caucasus has reached 70-80%, in the Ural-Volga region 50-70% and in the West-Siberian region depletion is above 45%.

**P**ossible perpetuation of the raw material basis of the Russian economy due to admission to the WTO could have unpredictable ecological consequences. It is obvious that the most appealing assets in Russia for transnational and foreign companies are its natural resource sectors, particularly fuels, since investments in oil and gas production have a rapid yield. Foreign companies have much scope for rapidly strengthening their positions thanks to large investment potential and shortage of funds of many Russian companies.

**G**lobal climate change presents a substantial problem for the future of the national economy. The reality of climate change is recognized in all international documents and forecasts. Warming and thawing of frozen ground can have extremely negative effect on infrastructure facilities, structures, pipelines,



roads, etc., in the permafrost zone, and almost two thirds of Russia's territory is in that zone. Energy production facilities in Siberian and northern regions are especially vulnerable.

The future holds the threat of new problems for human development as well as ecological problems. For example, energy producers plan to restructure the fuel balance by reducing inputs of natural gas and extending use of coal and fuel oil for power production. The products of coal combustion are 10-50 times more toxic than gas, and those of fuel oil are 3 times more toxic. Such a change will increase air pollution in urban areas, raising disease and mortality rates. According to calculations by the Fund for Defense of the Environment, such a changeover in generating fuels will lead to 40,000 more deaths in Russia.

At the qualitative level we can try to make a general analysis of the three national development scenarios up to 2015, related to environmental sustainability: pessimistic, inertial and optimistic.

The first two scenarios will lead to a "non-sustainable" type of development in the Russian economy. Unfortunately, even continuation of current trends (the inertial scenario) will mean increasing deterioration of the environment. Only the optimistic scenario, based on a major change in Russia's economic growth paradigm, can lead to sustainable development.

The scenarios can be based on programmes of the Russian Government, the Center for Strategic Developments, and the Ministry of Natural Resources. The two key documents in question are the "Energy Strategy of Russia for the period to 2020" and the draft "Medium-term Programme of Socio-economic Development of the Russian Federation (2005-2008)".

The existing model based on consumption of natural resources is highly dependent on the country's natural resource stocks. The pessimistic scenario up to 2015 contains two obvious potential threats: 1) above-mentioned depletion of commercial stocks of oil and other minerals by 2015; 2) possible sharp drop of world prices for oil and other raw materials (this is effectively equivalent to the first threat because commercial viability of new remote deposits, which require significant investments, automatically decreases).

Let us consider the "price" threat in more detail. Difficult climate and remote production sites make the cost of oil production in Russia several times higher than in the Middle East and Latin America, and the costs will continue to grow, so the general tendency is towards efficiency decline of energy production investments. The situation in the oil market may also change due to escalating oil recovery in the OPEC countries, post-war restoration of Iraq, etc., leading to increase in world oil supply and decline of prices. This possibility makes investment in new production territories more risky, since a drop in world prices could "cut-out" a significant part of oil production in the remote northern areas and at off-shore fields with undeveloped infrastructure. Huge investments, which have become inefficient, may be frozen, leaving huge territories and sea areas ecologically damaged.

Such price developments, along with depletion of commercial stocks, will cause sharp reduction of federal budget proceeds and spending on social needs, and unemployment will grow. Clearly, the state and companies will considerably reduce their spending on environmental protection in such a situation, the operating load on old fields will increase, and money-saving priorities will lead

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### In the last 3-4 years the President of Russia and members of the Government have repeatedly emphasized the need to escape raw-material-based development of the Russian economy.

to corner-cutting as regards ecological standards (atmospheric emissions and discharges of pollutants into water), leading to environmental contamination and threats to health. This scenario leads the country further away from sustainable development.

The second scenario (inertial) is clear enough: in 2015 “everything will be as now”. The country will manage to discover and develop new mineral reserves; with high world prices for raw materials development of offshore sites in the Barents Sea and Sakhalin will be profitable; huge export of oil, gas, wood, metals, chemical raw materials, etc., will continue. All this will mean the preservation of the present economic structure, a raw-material and environment-exploiting development model, with further depletion of natural resources and growth of pollution. It is obvious that such growth cannot be sustainable and negative consequences similar to those in the pessimistic scenario may appear after 2020-2030.

Realization of the third scenario (optimistic), allowing transition to sustainable development, needs a major change in the existing development paradigm to break “non-sustainable” trends in the economy. The new type of economy that is required can be defined in several ways: a knowledge-based economy (the most widespread international definition); an innovation economy; a high-tech economy; an information economy; a post-industrial economy; a sustainable economy; and so on. Aside from the formal definition, the basis for reaching such an economy is: priority development of human capital, knowledge and information, and deep struc-

tural-technological changes. In the last 3-4 years the President of Russia and members of the Government have repeatedly emphasized the need to escape raw-material-based development of the Russian economy (Box 6.4). All recent conceptual documents, strategies and programmes of the Government are focused on a new type of development. (Detailed description of such a future economy is beyond the scope of this Report. The issue of the new economy based on knowledge was the subject of the previous UNDP Human Development Report for Russia (2004)).

The main features of the proposed future economy from the viewpoint of environmental sustainability are as follows: priority is given to development of technology-intensive, high-tech, processing and infrastructural sectors with minimal environmental impact; essential importance is given to ecological conditions of human life and their provision; environmental pollution is reduced; the share of the raw-material sector in the economy decreases; efficiency and economy of natural resource utilization rise significantly, cutting consumption of natural resources and pollution volumes per unit of final result (reduction of the intensity of environment-exploitation). Clearly, transition to sustainable development requires compensation for exhaustion of natural capital through higher investments in human and material capital. Important practical steps include major increase of investments in science, education, public health, innovative development, and establishment of special funds, such as the Fund of Future Generations, which exists in many countries of the world. The economic mechanism of the knowledge-based economy (through the system of taxes, credits, privileges, investment climate, etc.) stimulates creation, distribution and use of knowledge for growth and “suppresses” those types of activity, which deplete natural capital and pollute the environment. Many of the above-men-

tioned features have already proved themselves in developed countries.

**T**ransition to ecologically and economically sustainable growth based on environmentally-balanced, structural and technological reorganization of the economy, with efficient resource saving and reduction of pollution, clearly offers great potential. Structural and technological rationalization of the economy could free up to one half of all natural resources, which are now used inefficiently, with growth of final results and major reduction of pollution levels. Such a course would considerably reduce production levels and areas given over to natural resource and mineral production, reduce land under cultivation, diminish deforestation, etc., by improving use and deepening processing of natural and raw material resources, and it would also significantly raise people's living standards. According to the "Energy Strategy for Russia up to 2020" (2003), fairly simple energy-saving technologies would make it possible for Russia to save up to half of the energy, which it now consumes.

**T**he "Factor Four" Report to the Rome Club (1997)<sup>6</sup> shows how it is possible to double production by halving resource use, through application of specific technologies. Contemporary industrial infrastructure could be maintained using half of current global energy consumption, while the new infrastructure based on the existing technologies could give 90% reduction. Russia could reduce energy consumption by 3-6 times using traditional (not cutting-edge) western technologies, and achieve growth of output results.

**C**ertainly, it would be naive to try and forcibly cut growth rates of the natural-resource sectors, primarily energy production, in Russia, given the current social and economic situation in the country. However, efficiency of these sectors needs to be improved.

Assessment of existing ecological and economic risks shows that Russia will gain more if it increases yields from fields in already developed resource regions of the country and abroad: new deposits in the north of the Caspian Sea, more active participation in

**According to the optimistic scenario in the Energy Strategy, structural reorganization of the economy and implementation of energy-saving technologies should bring energy intensity down 45% by 2015 and 58% by 2020.**

development of energy resources in Central Asia, etc. At present, the oil extraction factor at fields has significantly declined, from 50% at the end of 1980s to no more than 30% now, according to expert estimates. This is partly due to ageing of large fields and deterioration of stocks, but it is also due to weakening of state control over subsoil extraction.

**E**cologically expedient reduction of the proportion of natural resources in export structure under the optimistic scenario would not mean automatic reduction of economic gains from use of the country's natural-resource capital (its "natural advantages"). Restructuring of the national economy, discussed above, and particularly increase in the share of refining and processing sectors could raise tens of billions more for Russia from sale abroad of processed products instead of raw materials.

### 6.3.2. TARGET REFERENCE POINTS FOR THE MDG INDICATORS

**W**e now review quantitative parameters of progress indicators for MDG Goal 7 (ensuring environmental sustainability) and its targets, based on the indicators proposed above and adapted for Russia.

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### Assessment of existing ecological and economic risks shows that Russia will gain more if it increases yields from fields in already developed resource regions of the country and abroad.

**D**ecrease of energy intensity is crucial if Russia is to realize the optimistic scenario. This would be an essential link in the chain pulling the economy towards sustainable development. Reduction of energy intensity, along with other factors, usually accompanies positive structural shifts in the economy, reduction of the proportion of environment-exploiting sectors and parallel growth of high-tech sectors. Orientation to lower energy intensity should promote energy-saving programmes, which have not been carried out in Russia to date. The energy-saving potential in Russia is huge, and the energy intensity indicator is the key for Goal 7 in Russia. Its reduction will be the major precondition for progress with other Goal 7 indicators, i.e. there is a correlation between dynamics of the indicators:

- as regards protected and forested territories – saving of energy resources and rationalization of their use will make it possible to do without expensive projects to develop production at virgin sites including forests;
- carbon dioxide emissions – reduction of energy intensity through improvement of domestic energy-use technologies will reduce emission of greenhouse gases;
- ecological aspect of human living conditions – modern energy-use technologies and energy saving considerably reduces environmental pollution.

**Box 6.4. From a speech by Russian President, Vladimir Putin:**

“It is obvious that unless we start to move quickly today, particularly in implementation of structural reforms, we may face a lengthy economic stagnation tomorrow. We still live predominantly in a rent, not a productive, type of economy. Our economic system has as a matter of fact changed very little. What is the primary source of money? Oil, gas, metals, other raw materials. The additional income yielded by export is either “eaten up” or feeds capital outflow, or, at best, is invested in the same raw material sector.”

**Source: Izvestia, April 25, 2005.**

**A** power consumption forecast is given in the “Energy Strategy for Russia up to 2020”, approved by the Russian Government in 2003. Average GDP power consumption worldwide has decreased by 19% in the last 20 years, and in the developed countries by 21-27%. In Russia the energy intensity of GDP increased by 18% in 1990-1998 due to deep economic crisis. As the economy has recovered energy intensity has begun to fall by 2-3% annually. According to the optimistic scenario in the Energy Strategy, structural reorganization of the economy and implementation of energy-saving technologies should bring energy intensity down 45% by 2015 and 58% by 2020 (Appendix 6.1, Figure 1).

**D**evelopment dynamics of “forested” and protected lands will be influenced up to 2015 by development of energy production. For example, according to available estimates, one dollar of investments in development of northern fields destroys 2-4 square meters of natural ecosystems. The multi-billion dollar spending required for new developments makes the ecological damage obvious. Vast tracts of land will have to be developed for new energy production infrastructure: pipelines, roads, etc. Reduction of forested land will also be affected by increase of timber felling. The current level of timber felling is almost 2.5 times lower than in 1990, but growth of domestic and international demand for wood products will cause expansion.

**T**herefore, we could take maintenance of the current 45% of Russia under forest as the indicator for the optimistic scenario by 2015 via increased reforestation and increased depth of wood processing to reduce need for primary wood as raw material. Preservation of forests will also be promoted by Russia’s ratification of the Kyoto Protocol, under which reforestation to limit national carbon dioxide

emissions can be both profitable and ecologically effective.

Many developed countries have high proportions of protected land in their total territory (Austria and Germany have 33% each, the USA 26%, Great Britain 21%, etc.). This suggests that the share of protected land in Russia (now over 10%) could be extended to 20-25%, particularly considering the importance of Russian protected lands for preservation of the world biosphere, and the fact that 65% of Russia's land is still almost untouched by the economy. However, such extension is bound to be counteracted by growth of raw material sectors: subsoil resources, timber and agriculture (assuming the pessimistic or inertial scenarios).

It is natural to link the indicator for aggregate carbon dioxide emissions by 2015 with Russia's obligations under the Kyoto protocol. According to data from the Federal Hydrometeorology and Environmental Monitoring Service, Russian anthropogenic emissions of carbon dioxide in 2003 were 3050 million tons or 70% of total emissions of greenhouse gases in 1990. The contribution of Russia to global emission is 6.3%, representing 26.7% of US emissions, 47.2% of those in the European Union, and 47.9% of those in China.<sup>7</sup> Emissions of carbon dioxide (together with other five greenhouse gases) in 1990 are the ecological limit for the country during the first budgetary period of the Kyoto protocol from 2008 to 2012. It is still not clear what agreements and indicators will follow after that term, but the determination of almost 130 countries, which ratified the Kyoto Protocol, shows strong commitment of the world community to fight the climate changes. So toughening of the top limit for greenhouse gases emissions by 2015 is likely. There is currently a broad discussion on whether Russia's obligations under the Kyoto Protocol will shackle the country's economic growth. According to the overwhelming

majority of opinions, they will not. Under the optimistic scenario, with radical reorganization of energy production structures and reduction of power consumption, Russia will not exceed volumes of greenhouse gases emissions as compared with 1990. This is confirmed by the forecast assessment of the "Third National

### Improvement of ecological living conditions depends much on development of the housing market, and favorable development is targeted by the.

Report by the Russian Federation", according to which, even with economic growth carbon dioxide emissions in 2015 will not exceed 85-90% of the 1990 level, assuming economic restructuring. Russia could obtain significant economic benefits from sale in the world market of its free quotas on greenhouse gases emissions, which are estimated to have value of several billion dollars.

Uncertainty about future development of various trends makes it hard to predict the number of the people living in highly polluted cities. As was already noted, air pollution both from stationary sources and vehicles is growing, leading to increase in the number of now "dirty" cities. Under the optimistic scenario structural and technological restructuring of the economy plus transition to EURO ecology standards for cars could halve the number of people living in highly polluted cities from approximately 60 million to 30 million.

Improvement of ecological living conditions depends much on development of

There is currently a broad discussion on whether Russia's obligations under the Kyoto Protocol will shackle the country's economic growth. According to the overwhelming majority of opinions, they will not.

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### The current situation points again to the value of establishing a central ecological department, under the Federal Government.

the housing market, and favorable development is targeted by the Federal Target Programme "Housing" and, in particular, its sub-programme "Relocation of Citizens of the Russian Federation from Dilapidated and Tumbledown Housing". Under the optimistic scenario practically all urban housing could be connected to water mains and sewerage by 2015 (95-97% of housing). It is more difficult to predict development in rural settlements. From 1993 to 2003 the proportion of rural dwellings with amenities increased significantly, by 11-13%. So the rural target for 2015 regarding mains water could be 55-57% (41% in 2003), and 48-50% for sewerage (32% in 2003).

The small percentage of dilapidated and tumbledown housing (3%) makes it fair to expect that all such housing will have been pulled down by 2015.

#### 6.4. MONITORING OF PROGRESS TO GOAL 7 AND NECESSARY CONDITIONS

The institutional factor is highly important for monitoring of progress toward sustainable development. As was already noted, current Government structure involves confusion and dissociation between agencies responsible for decision-making on matters of environmental sustainability. Many regions have responded by establishing their own systems of ecological management. For example, the Tomsk Region has created one of the country's most effective structures for ecological management at regional and municipal levels.

The current situation points again to the value of establishing a central ecological department, under the Federal Government, to support uniform federal ecological policy and carry out ecological supervision, as happened in the 1990s (although the bodies vested with this responsibility, varied). The new entity could have status of a Federal Service interacting with all federal, regional and local levels of government. Such a Service could carry out monitoring of the country's progress in ensuring environmental sustainability. A system of indicators for sustainable development would assist the monitoring (this is a commonly used approach in other countries).

We will now review problems of monitoring the MDG Indicators in more detail, firstly as regards statistical support.

The Indicator "Proportion of land area covered by forest" is calculated based on state forest surveys which gather information on surface area of forest, stocks of wood by type, and yearly gain of wood and its use. The surveys are carried out once every five years.

The Indicator "Proportion of protected area" is now presented in state statistics for natural preserves and national parks of federal importance. However, as noted above, these two categories account for only one fifth of all the protected areas in the country, much of which is the responsibility of regions. Departmental and regional statistics for all types of protected areas are available, and the Federal State Statistics Service could aggregate and update them on a regular basis.

There are a number of methods for calculation of the energy intensity indicator. The indicator is quantitatively defined in documents and programmes of the Federal



Government, but the Russian Statistics Service does not publish it. Since this indicator is the key for sustainable development, it is expedient for the Russian Statistics Service to annually calculate and publish it.

**I**nventory check and control of the indicator “Carbon dioxide emissions” as well as other greenhouse gas emissions are defined in Kyoto Protocol requirements, so this indicator needs to be included in Russian official statistics. Emissions of greenhouse gases are currently estimated in documents of the Interdepartmental Commission of the Russian Federation on Problems of Climate Change, and in departmental reporting of the Federal Hydrometeorology and Environmental Monitoring Service.

**D**ata on population of highly polluted urban areas and air quality measures (based on the complex air pollution index) are available in departmental statistics of the Ministry of Natural Resources and the Federal Hydrometeorology and Environmental Monitoring Service. These data should be annually published by the Russian Statistics Service.

**T**hree indicators reflecting ecological conditions and quality of housing (“Proportion of housing with mains water, urban and rural”, “Proportion of population with access to sewerage, urban and rural”, “Proportion of dilapidated and a tumbledown housing”) are well documented in state statistics and are annually updated.

**T**hree important future indicators of Russia’s progress in attaining environmental sustainability within the MDG framework can be proposed (Appendix 6.2):

- virgin lands;
- fixed asset replacement ratio;
- population using drinking water, which does not meet hygiene standards (million people).

## 6.5. CONCLUSIONS AND RECOMMENDATIONS

**T**ransition to sustainable development implies strengthening of environmental priorities in state policy. In Russia’s case we would point out the following key directions for change, which, directly or indirectly, could lead to minimization of environmental impact and to more efficient use of natural resources:

- to develop and adopt a long-term strategy of environmentally sustainable development in the Russian Federation;
- to create environmental conditions in Russia, which will facilitate development of human capital;
- to eliminate environmental threats to human health;
- to consolidate state control and monitoring of environment quality, primarily air quality (particularly in major cities) and quality of drinking water;
- to improve housing amenities, particularly ecological conditions of urban and rural dwelling;
- to upgrade people’s environmental education and culture at all levels of the educational system, to propagate the ideas of environmental sustainability;
- to carry out environmentally balanced restructuring of the economy, to foster knowledge-based innovation and creation of a knowledge-based economy;
- to adjust customary indicators of development to take account of the environmental aspect; to incorporate adequate valuation of natural resources and services, and environmental impact in economic indicators when taking economic decisions on macro- and micro-levels;
- to build environmentally favorable taxation, credit systems, subsidies, trade tariffs and duty systems;
- to create conditions for extended replacement of natural resources, which will stim-

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- ulate and compel natural-resource users to replenish the resources, which they consume, at rates exceeding the extraction and utilization rates;
- to radically improve use of natural resources and liquidate their loss at extraction sites and in all stages of their transformation, and to implement resource-saving technologies using existing and new economic and legal instruments;
- to substantially reduce consumption of natural resources and pollution per unit of final result (on the macro-level: per unit of GDP) leading to reduction of environment-exploitation and pollution intensity indicators, including energy intensity;
- to improve efficiency and differentiate the payment system for use of natural resources, in order to promote recovery of natural rent;
- to build an efficient system of economic sanctions for violation of environmental standards, to fully implement the “polluter pays” principle;
- to implement programmes for rehabilitation of territories in a critical environmental condition, including measures for improvement of health of local populations; to grant state support to works for liquidation of local environmental damage;
- to clearly delimit ownership rights to natural resources at federal and regional levels, to return key natural resources to federal property;
- to re-establish a single “environmental” department under the Federal Government to stop inefficiency and decentralization of environmental protection management; to extend potential for environmental management and control at regional and municipal levels;
- to redirect export strategy towards reduction of the raw material share in exports, and increase in the share of high-tech products with a high proportion of added value;
- to improve laws related to environmental protection and use of natural resources, as well as environmental factors related to public health;
- to ensure active involvement of the general public and business in solution of national and regional environmental problems;
- to support business participation in voluntary environmental programmes and mechanisms, such as environmental insurance, environmental certification, environmental audit;
- to support the role of Russia’s global ecosystem services in ensuring the planet’s biosphere sustainability; to use environmental arguments at the international level to obtain benefits, including economic benefits, for Russia;
- to support programmes of international and regional cooperation in environmental protection as well as international procedures and protocols.

<sup>1</sup> K.S.Losev. Significance of the Kyoto Protocol for Russia. Bulletin “On the Way to Sustainable Development of Russia”, no.27, 2004, p. 7.

<sup>2</sup> The Government Report “Situation and Protection of the Environment in the Russian Federation in 2003”. Moscow: The Ministry of Natural Resources of the Russian Federation, 2004, p.p. 9-10.

<sup>3</sup> Bobylev S.N., Sidorenko V.N., Safonov Yu.V., Avaliani S.L., Strukova E.B., Golub A.A. Macroeconomic Assessment of Human Health Costs in Russia Caused by Environmental Pollution. Moscow, Nature Protection Fund, 2002.

<sup>4</sup> Indicators of Sustainable Development: Framework and Methodologies. Background Paper no.3. UN Commission on Sustainable Development. New York, 2001; Integrated Environmental and Economic Accounting an Operational Manual / Studies in Methods. Handbook of National Accounting. UN, New York, 2000; Hamilton K. Genuine Savings as a Sustainable Indicator. The World Bank, Washington DC, 2000; Expanding the Measure of Wealth: Indicators of Environmentally Sustainable Development. The World Bank, Washington DC, 1997; Green Accounting in Europe - Four Case Studies. Edited by A. Markandya and M. Pavan, London, 1999.

<sup>5</sup> Fundamentals of Power Strategy of Russia for the period up to 2020 (2000).

<sup>6</sup> E. Weizsäcker, A. Lovins, H. Lovins. Factor Four. New report to the Rome Club. Moscow: Ed. Academia, 2000.

<sup>7</sup> The Government Report “Situation and Preservation of the Environment in the Russian Federation in 2003”. Moscow: ed. by the Ministry of Natural Resources of the Russian Federation, 2004, p.16.

Table 1. MDG Goal 7. Ensure environmental sustainability

MDG Targets	MDG Targets for Russia	Indicators of progress in attaining the Target	Indicators of progress in attaining the Target for Russia	Today's value of indicator	Target indicator for 2015
Target 9. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Target 9. Integrate the principles of sustainable development into country policies and programmes and prevent losses of natural resources	25. Proportion of land area covered by forest;	25. Proportion of land area covered by forest;	45%	At least 45%
		26. Ratio of area protected for biodiversity purposes to surface area;	26. Ratio of area protected to maintain biodiversity to surface area;	10.5%	20-25%
		27. Energy use (kg oil equivalent) per USD1000 GDP (PPP);	27. Energy intensity;	1.47 t equivalent fuel/ USD1000	0.82 tons equivalent fuel/ USD 1000 (approx. 55% of the 2000 level)
		28. Carbon dioxide emissions per capita and consumption of ozone-depleting CFCs (ODP tons)	28. Carbon dioxide emissions (tons)	3050 million tons (approx. 70% of emissions in 1990)	3700-3900 million tons (85-90% of emissions in 1990)
		29. Proportion of population using solid fuels	29. Urban population size in over-polluted areas	Approx. 60 million people	30 million people
Target 10. Halve the proportion of people without sustainable access to safe drinking water	Target 10. To provide the population with sustainable access to safe drinking water	30. Proportion of population with sustainable access to an improved water source, urban and rural	30. Proportion of available housing with running water, urban and rural	83% of urban housing; 41% of rural housing	95-97% of urban housing; 55-57% of rural housing
Target 11. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	Target 11. To ensure improvement of quality of people's living conditions	31. Proportion of population with access to improved sanitation, urban and rural;	31. Proportion of population with access to improved sanitation, urban and rural;	80% of urban housing; 32% of rural housing	95-97% of urban housing; 48-50% of rural housing
		32. Proportion of households with access to secure tenure, owned or rented	32. Proportion of dilapidated and tumbledown housing	3%	0

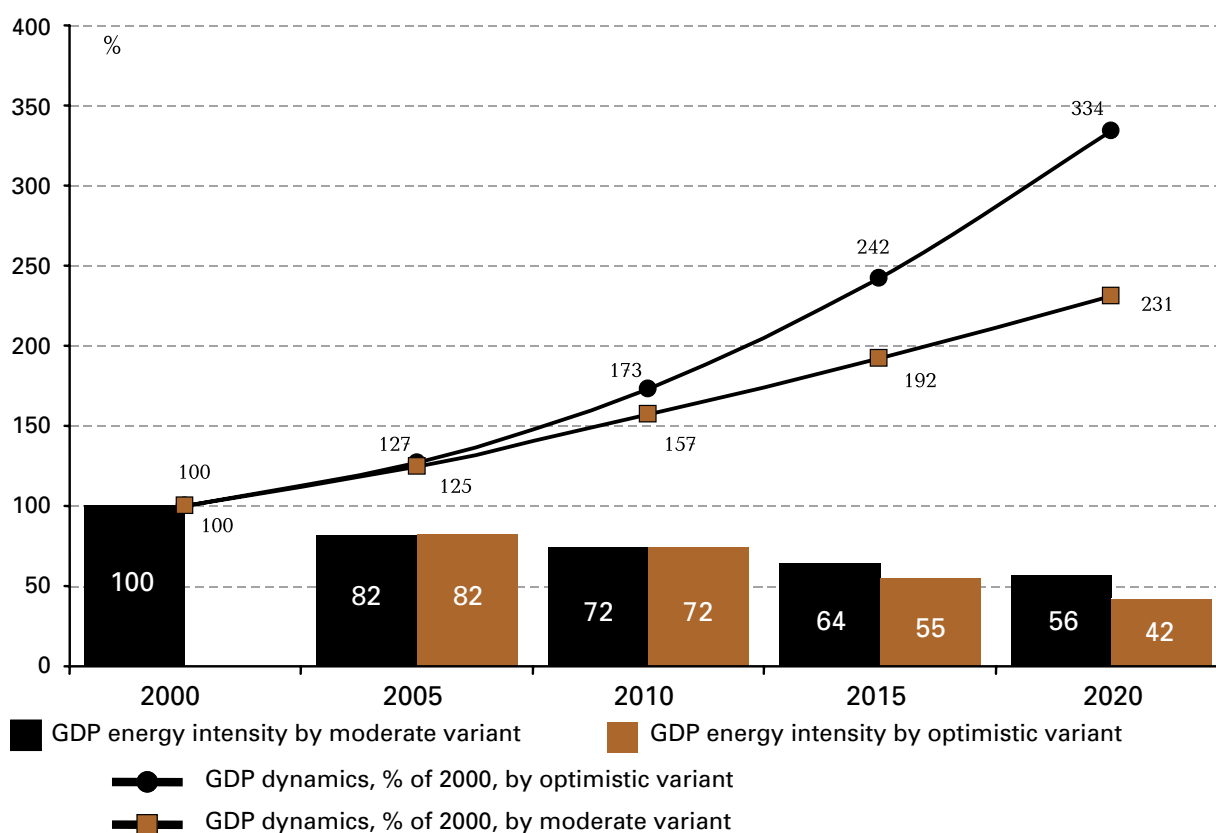
## Appendix 6.1.

**Table 2. Change of branch structure in industrial production in Russia over 1990-2003 (%)**

Branches	1990	1995	2000	2003
Electric power industry	4.0	10.5	9.2	12.1
Fuel production (oil-extracting, oil refining, gas, coal)	7.6	16.9	15.8	19.2
Ferrous metallurgy	5.5	7.7	8.6	9.5
Non-ferrous metallurgy	6.0	9.0	10.3	7.2
Chemical and petrochemical	7.8	6.3	7.5	6.2
Mechanical engineering and metal working	31.5	19.2	20.5	20.2
Forestry, wood processing and pulp-and-paper industry	5.8	5.1	4.8	4.2
Construction materials	3.8	3.8	2.9	3.1
Light industry	12.3	2.3	1.8	1.4
Food industry	15.7	15.3	14.9	13.6
Other branches		2.0	1.6	3.3
Total of all industries	100	100	100	100

Source: Author's calculations, Russian Statistical Year-book 2004. Moscow: ed. by the Russian Statistics Service, 2004.

**Figure 1. GDP dynamics and its energy intensity in Russia from 2000 to 2020 (% of 2000)**



## Appendix 6.2.

Three important future indicators can be proposed for Russia's progress in achieving the Goal of environmental sustainability within the MDG framework:

- virgin lands;
- fixed asset replacement ratio;
- population using drinking water, which does not meet hygiene standards (million.people).

The first two indicators can be added to the indicators of target 9 "Integrate the principles of sustainable development into country policies and programmes and reverse the loss of natural resources", and the third one to target 10 "To provide the population with sustainable access to safe drinking water".

Indicators, which show contrary tendencies, can also be applied in the analysis of protection of ecosystem functions and biodiversity. Theory and world practice most often use the indicator of protected area (MDG indicator 26). The area of these territories in Russia is increasing. Russia plays the leading role in the world in terms of the preservation of global public goods, and renders major ecological services to the whole planet. Russia's ecosystem offers the biggest single contribution to planetary stability, largely due to the huge areas of Russia, which still remain in their natural state. Russia has more land undisturbed by

economic activities than any other country, representing approximately 65% of the country's surface area. This territory is significantly more than ecosystems kept in their natural state in other large countries: Brazil, Canada, Australia, the USA and others. Areas with natural ecosystems are shrinking worldwide: at the beginning of the 20th century they had been destroyed on 20% of the world's land surface, but now that figure is 61-63%. In Russia they are being reduced mainly by the energy and timber industries. Russia's indicator of virgin lands is important for the rest of the world.

Another indicator can be proposed, which directly ties population number and polluted water consumption: "population using drinking water, which does not matching hygiene standards (million people)". At present in Russia 20% of drinking water samples do not match hygiene standards. Departmental information of the Ministry of Natural Resources of the Russian Federation can be used as statistical basis for this indicator.

The environmental threat of deterioration and ageing of fixed assets was already mentioned above. The factor of capital renewal in the industry has dropped from 10.6% in 1970 to 1.8% in 2003, reflecting completely inadequate investment levels. This indicator is available in state statistics.

## Box 6.5.

### Box 6.5. Environmental charges

#### Economic efficiency of the model of environmental impact charges

The system of payment for environmental impact appeared at the end of 1992 and was as follows:

- Facilities, which produced environmental impact, were subject to payment calculated as a product of payment rates multiplied by the scope of the impact (atmospheric emissions, discharges into water, production and disposal of waste), and the payment progressively increased depending on the excess over standard rates and provisionally agreed limits of the impact;
- sums invested in environment protection measures (a specified list of approved works) were deductible from the payments;
- revenues from the payments were accumulated in a system of special off-budget (environmental) funds and were spent to finance federal and regional environmental projects and programs.

Adoption of the Budget and Tax Codes (2000) ended the target-oriented use of funds raised from the payments (at least, at federal level). This logic was in the spir-

it of general budget reform in Russia, which naturally terminated the economic experiment of environmental impact payment as a possible state source of financing for environmental projects and programs. Opponents of this reform argued that it was better to have a small but guaranteed budget for environmental purposes than to depend on the will of Parliament in distribution of budget funds based on current socio-economic priorities.

The general ratios of environmental charges within allowed norms (chargeable to the enterprise's expense items), and both within and above agreed limits (payable from net profit) were 40% and 60% respectively, according to average statistical estimates for 1999-2001. Cost characteristics of the payments based on this ratio in main branches of the economy are shown in Figure 1. The following figures show the significant size of extra payments for environmental impact: in non-ferrous metallurgy they were more than 450 million rubles, in fuel production 350 million rubles, and in the electric power industry more than 270 million rubles.

Environmental payment for environmental impact within permitted levels (as well as the total payment) is incommensurably small in comparison with the expenses required from enterprises to reduce environmental impact. For this reason the payment had ceased to be a stimulating factor in realization of environmental protection investments by enterprises. According to the Russian Statistics Service, the environmental payment for emissions (discharges) of pollutants within permitted levels and for waste disposal in 2000 was not more than 8.8% of investments in fixed capital assigned to environmental protection, and only 1.8% of total expenses of enterprises for environmental protection. At the same time, according to expert estimates (survey of enterprises in various industries), the amounts, which, according to enterprises' own estimates, were necessary as environmental protection investments, exceeded actually charged environmental payments by 2-3 times.

According to the main goal of state environmental policy, which is provision of citizens' rights to a favorable environment and preservation of sustainable environmental equilibrium, the primary purpose of the environmental payment should be to create economic incentives for enterprises to reduce environmental impact and convert their facilities to "environment-friendly" technologies (reduction of environmental impact, reduction of raw material input to production, increase of energy efficiency). However, the average standard environmental payment in 2000-2001 was just 0.04-0.05% of production costs (Figure 2). Such tiny payments, even if they were doubled as proposed, were insufficient to give enterprises significant financial incentives to reduce environmental impact.

The proportion of environmental payment for standard emissions and discharges of pollutants, and waste disposal, in revenues of the federal budget for 2001 and 2002 was not more than approximately 0.05% and 0.04% of total tax revenues respectively. At that, the cost of administration of the payment was approximately commensurable with its size. The complexity of pollution monitoring and the cumbersome nature of the payment system are evidenced by the fact that this fee was levied on approximately 250 polluting companies, although more than 95% of total receipts were from 35-40 polluting companies.

Value of federal and regional budget incomes from standard environmental payments for pollutant emissions and discharges and waste disposal was commensurable with Government expenses for administration of environmental protection and urgent environ-

Figure 1. Approximate ratio of standard and extra environmental payments in various branches of the economy

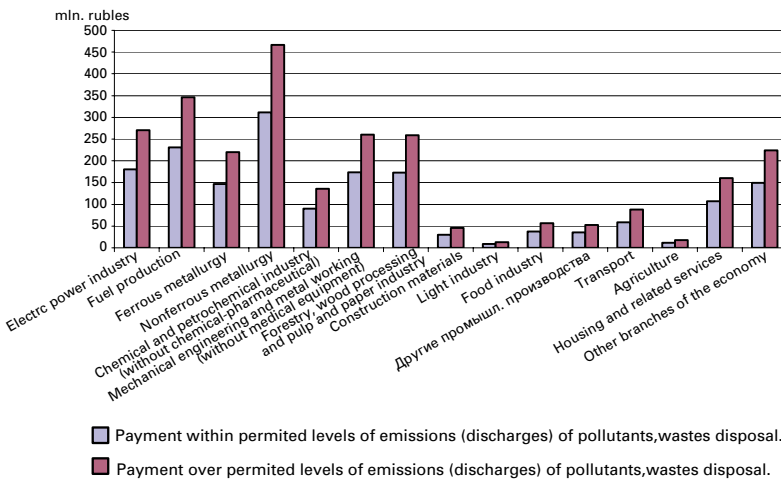
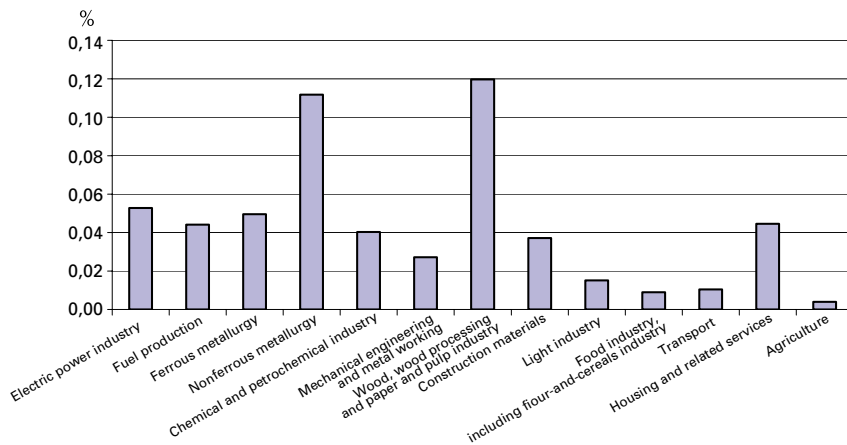


Figure 2. Ratio of standard environmental payments to production costs (2000)





mental interventions. However, environmental protection investments were financed from other sources of state income.

Different industries produce substantially different environmental impact above allowed standard rates (Figure 3). The “dirtiest” industries, which produce above-standard impact, are the coal industry, ferrous and nonferrous metallurgy, and wood processing. The proportion of extra environmental payments in those industries exceeds 60% of the total payments charged.

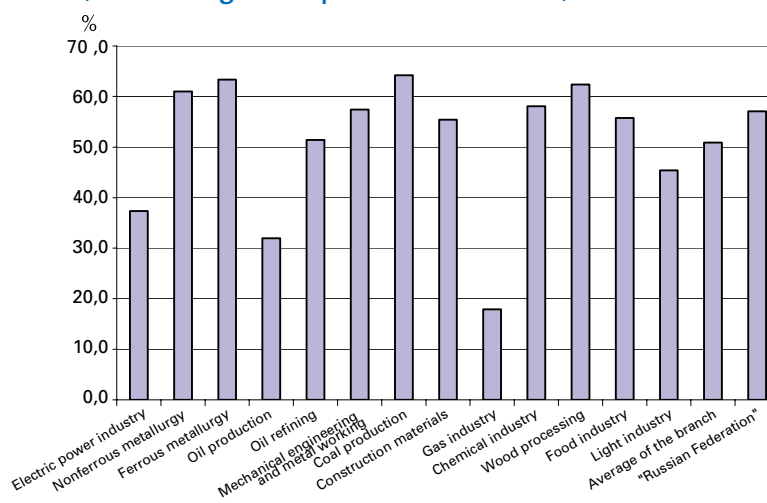
#### Improvement of environmental payments mechanism

The Federal Law “On Environmental Protection” determines types of environmental impact, which become the basis for collection of payment. However, the legislator has not defined the form of collection of payment, leaving decision on that matter to a special law.

A Government session in the spring of 2005 defined its position on the payment, which essentially is as follows:

- environmental extra payment should be established and gradually increased as an incentive for payers to implement measures aimed at environmental protection within the framework of environmental protection investments;
- standard environmental payment (for environmental impact within the limits of effective standard rates) should be canceled;
- the practice of setting provisionally agreed standard rates (limits) on pollutant emissions and discharge should be excluded;
- a basic list of pollutants should be finalized and approved so that environmental payments can be administered and charged;
- subjects (regions) of the Russian Federation should be allowed to expand the basic list of pollu-

**Figure 3. Proportion of environmental extra payments in the total payments charged (according to expert estimations)**



tants and to set regional rates of payment, based on their environmental situation.

The corresponding draft federal law will be considered by the State Duma in the autumn session of 2005, when a final form of environmental payment and its basic characteristics will be determined.

**V.V. Gavrilov**



# Develop a global partnership for development

**M**illennium Development Goal 8, “Develop a Global Partnership for Development”, calls on the international community to jointly address issues including creation of open and non-discriminatory trading and financial systems, adoption of a policy of duty-free and quota-free access for exports from less-developed countries to other markets, resolution of the debt problems of developing countries, implementation of an “Enhanced debt relief programme for heavily indebted poor countries”, and provision of more generous official development assistance to these countries.

**I**n addition to these general goals, the international community will need to develop and implement strategies that would help young people in developing countries find decent and productive work, provide access to affordable essential drugs in developing countries (in cooperation with pharmaceutical companies), and make available to these countries, in cooperation with the private sector, the benefits of new technology, including information and communications technologies.

**W**ithin the framework of global partnership for development, low-income countries are normally recipients of international assistance, and high-income countries are its donors. Middle-income countries can play both roles simultaneously, and that is relevant to the case of Russia, which is a heavily indebted middle-income country. Global partnership targets as applied to mid-

dle-income countries like Russia should be adapted to the specific development conditions of each country.

**T**he summary report of the UN Millennium Project, prepared under the direction of Professor J. Sachs, Adviser of the UN Secretary General on Achieving the Millennium Development Goals, and entitled “Investing in development: A Practical Plan to Achieve the Development Goals As Stated in the Millennium Declaration”, says the following about the specific position of such countries as Russia in the global partnership for development: “Middle-income countries are challenged to complete the process of eradicating extreme poverty within their own countries and to join the ranks of donor countries at the same time.”

**T**he Russian Federation, a legal successor of the USSR, became an independent political subject of political and economic relations in the modern world in 1991. The new Russia designed its foreign policy based on its new position and capabilities, and the state of its society, taking account of the major change in its “weight” in the world and qualitative shifts in international relations.

**R**ussia’s policy on participation in the global partnership for development is in a formative stage. Creation of conceptual framework, principles and priorities is influenced by a number of internal and external factors. These include critical reconsideration

of Soviet assistance to developing countries, reference to post-Soviet Russia's experience of receiving help from the outside world, analysis of the resource base of Russia's foreign policy and trends in its evolution, as well as review of Russia's experience of participation in international development assistance programmes up to now.

## 7.1. RUSSIA'S HISTORICAL HERITAGE

In the USSR, aid policy was largely determined by ideological considerations and commercial aspects were secondary. The aim was to strengthen independence of developing countries from international "imperialism" and stimulate the recipient countries to choose the socialist model of development.

Soviet help was granted to countries, which declared their "socialist orientation" or abandoned the capitalist course of development, and was directed to development of key branches of their economy. An indispensable precondition for Soviet aid was that the recipient countries should promise not to transfer facilities, built with Soviet help, to private owners. Assistance was granted predominantly on a bilateral basis, which ensured compliance with foreign policy directives of the USSR leadership.

Generous economic, scientific and technological, and military aid to the socialist countries of Central and Eastern Europe, the People's Republic of China, Socialist Republic of Vietnam, Democratic People's Republic of Korea (DPRK), and to Cuba were intended to strengthen the position of Socialism worldwide.

Soviet aid contributed significantly to development of many countries in Africa,

the Middle East, South East Asia, as well as Afghanistan, Bangladesh, India, Iran, Nicaragua, Guyana, and other countries. In Syria alone, beginning in 1957, the USSR con-

**Although in 1990 Russia accounted for only 61% of national income and 59% of national product in the USSR, the country assumed the entire 100% of former Soviet debt liabilities under a succession treaty on foreign debt and assets of the former Soviet Union.**

structed 63 facilities, which now provide 22% of the country's electrical power and 27% of its oil. Implementation of this strategy to support socialist development made the Soviet Union one of the world's major donor states and creditors.

In the course of transformation of political decision-making after the collapse of the USSR and creation of the Russian Federation, development of a conceptual policy framework for aid to foreign countries had low priority. No special decision-making body was set up to ensure implementation of such a policy.

As steady financing dried up, former-Soviet economic structures began a mass "exodus" from recipient countries. However, their quite substantial economic interests in these countries were retained and inherited by the Russian Federation.

When the USSR collapsed, total debt of countries, which were receiving Soviet help, totaled about USD 80 billion. At the same time, Soviet debt to London and Paris clubs of creditors and other international financial organizations was USD 108 billion. Although in 1990 Russia accounted for only 61% of national income and 59% of national product in the USSR, the country assumed the entire

100% of former Soviet debt liabilities under a succession treaty on foreign debt and assets of the former Soviet Union. Russia also inherited all of the foreign property of the former USSR, and acquired the right to receive debt repayments by the countries, which had been receiving Soviet help.

### 7.2. FORMATION OF RUSSIA'S POLICY ON THE GLOBAL PARTNERSHIP FOR DEVELOPMENT

Following 1991, the Russian Federation had to find its place in a changing world, realize its national interests in the new conditions, and construct its domestic and foreign policy accordingly. In developing a national policy of global partnership, Russia must find the optimum balance between the need to address domestic issues and the need to increase its participation in international efforts to support development.

#### 7.2.1. DOMESTIC FACTORS

Russia's position and capabilities in the global partnership for development are sensitive to major domestic factors such as successful completion of internal transformations, securing high rates of economic growth to rapidly overcome negative social and economic consequences of the dismantling of the socialist system, and increase of the resource base of Russia's policy.

**Post-soviet Russia as a recipient of international aid.** Dismantling of the political and economic systems of Socialism during the 1990s was accompanied by a grave production setback and violent drop of living standards for most Russians. The situation was aggravated by the amount of Soviet debt inherited by Russia, mass capital flight

(according to some estimates, between USD 50 and USD 200 billion were exported in 1992 alone). Russia's borrowing and loans from international financial organizations grew rapidly.

The Russian Federation had to deal with transformation of economic, social, and political systems, and at the same time address acute social and economic problems, take measures to preserve the country's unity, and deal with other pressing issues of the transition period.

In terms of purchasing power parity, Russian GDP in 1992 was 81% of 1990 level. By 1995 it had fallen to 63% of the 1990 level, and by 1998 to 57%. The country faced acute forms of many of the problems defined in the Millennium Development Goals (more detailed accounts are given in previous Chapters). This burden predefined Russia's role in global partnership as a recipient rather than a donor of international development assistance.

Financial and technical support from international financial organizations (the International Monetary Fund and World Bank), countries of the European Union and other states helped Russia to overcome the initial phase of the transition period. These parties provided assistance to Russia in order to strengthen "democracy, rule of law and public institutions". The IMF allocated USD 22 billion to support market transformations in the Russian economy and create conditions for growth. The World Bank approved 53 credit projects for Russia totaling USD 13.4 billion; the European Union (EU) set up Technical Assistance for the Commonwealth of Independent States (TACIS) and (since 1994) for Mongolia. The TACIS programme provided 1.2 billion ecu in 1991-1998 for implementation of 2000 projects in Russia. A

programme for higher education cooperation with the former USSR countries and Mongolia, TEMPUS, was also launched.

During the first phase of reforms, Russia has failed to achieve the living standard targets that were later set out in the Millennium Development Goals. Russia still needed international financial help to complete its transformations.

**Dynamics of Russia's resource capabilities.** The extent and forms of Russia's involvement in a global partnership must be weighed against development of its resource capabilities. The current state of these capabilities defines Russia's role in global partnership as both recipient and as donor.

The second phase of Russian reforms at the end of the 1990s was marked by partial recovery and early stages of economic growth, slight reduction of poverty incidence, relative macroeconomic and political stabilization. Budgetary and tax discipline was secured, and inflation was lowered from 86% in 1999 to 15% in 2002. The average economic growth rate, according to the IBRD, was 6% between 1999 and 2002.

In the last few years, the Human Development Index (HDI) in Russia has been showing signs of growth. In 1995 Russia was 72nd of 175 countries in terms of HPDI, in 2001 it was 60th and in 2002 it was 57th.

At the current stage of internal transformations in the country, priority is being given to infrastructure projects, which aim to ensure conditions for sustained economic growth, institutional transformations in the public administration, and support of social infrastructure. Programmes of cooperation between international financial organizations and Russia incorporate these issues (Box 7.1).

**Box 7.1. Priorities of the international programmes of assistance for Russia**

IBRD strategy in Russia for fiscal years 2003-2005 was directed to supporting improvement of the business climate and development of competition, enhancement of management of the state sector, social issues, combating infectious diseases, and protection of the environment. Future priorities for cooperation between the IMF and Russia include support for structural reforms and improving the country's administrative system on the federal and regional level.

The new 3.138 billion euro TACIS budget for 2000-2006 includes financial support for restructuring of the Russian economy, funding for development programmes in the private sector, agriculture, power industry and transport, support for reforms of the public administration, social services, and education. In April 1999, the EU Council approved the new TEMPUS programme for 2000-2006.

Completion of structural transformations is a large-scale and complex task that affects both resource capabilities of the country and the socio-economic status of its people. Considerable efforts and financial resources need to be allocated for the 10-year Programme of Social and Economic Reforms adopted by the Russian Government in 2000. Its implementation will allow Russia to make a decisive step towards reaching the Millennium Development Goals in full (as adapted to the country's conditions) by 2015. Russia would find it very difficult to start providing help to other countries on a large scale until it has resolved these domestic problems.

Despite relative success in addressing the most acute social and economic issues, and despite a turn to economic growth, Russia's GDP at the beginning of 21st century (in terms of purchasing power parity) was one and a half times lower than the GDP of

**Table 7.1. Gross domestic product in terms of purchasing power parity<sup>1</sup>**

	Total GDP (billion USD)			GDP per capita (USD)		
	1999	2000	2001	1999	2000	2001
UK	1404.3	1485.0	1571.8	24014	25322	26627
Germany	1972.5	2042.5	2096.0	24030	24851	25456
Italy	1370.0	1427.5	1468.0	23766	24681	25343
Canada	812.5	873.4	911.2	26630	28367	29290
Russia	891.0	999.6	1066.7	6090	6867	7369
USA	9212.8	9762.1	10019.7	33014	34602	35179
France	1461.2	1532.5	1617.3	24235	25293	26552
Japan	3130.3	3285.8	3379.7	24709	25887	26551

<sup>1</sup> Data on all countries except Russia taken from OECD database.

Italy, UK, and France each, almost two times lower than GDP of Germany, over three times lower than GDP of Japan, and more than nine times lower than US GDP. Of the Group of Eight (G-8), only Canada had GDP somewhat lower than Russia (Table 7.1). GDP per capita in Russia was approximately three and a half times lower than that of Italy, Germany, Japan, France, and UK, almost four times lower than that of Canada, and almost five times lower than that of the USA. According to the OECD, of the 42 countries that participated in programmes of international GDP comparison in 2002, Russia ranked 38th between Mexico and Bulgaria (Appendix 7.1. Table). Any forms of Russia's participation in international development aid programmes, which would worsen the current situation in the country instead of improving it, cannot be in Russia's national interests.

However, the Russian government believes that it has the capacity to resolve the current economic and social problems, including meeting the Millennium Goals in Russia, primarily with internal resources, without further engagement of borrowed international funds. This is facilitated by growing monetary reserves at the Central Bank of Russia thanks to high prices for energy resources and some other Russian export articles in the world market.

The Russian Ministry of Finance plans to stop foreign borrowing completely in 2009. In 2006, the Russian Government intends to raise a total of USD 1 billion in credits from international financial organizations and governments of foreign states, then over USD 700 million in 2007, and over USD 600 million in 2008.

The above-mentioned report by experts headed by Jeffrey D. Sachs agrees that reduction of Russia's debt burden to a level,

which allows quickest possible achievement of the MDGs inside Russia, will help to expand the country's resource base for participation in international development assistance programmes as a donor state.

**Russia's debt to international credit organizations.** High rates of borrowing from international financial organizations since the beginning of 1990s increased Russia's foreign debts to USD 189.2 billion by 1999.

An agreement with the London Club, which includes the world's leading commercial banks, on 25-year restructuring of the bulk of former USSR debt with a seven-year payment delay was signed on November 16, 1995 in Frankfurt. Russia undertook to pay off USD 1.5 billion of interest in 1996, and pay back remaining interest over 20 years with the same payment delay as for the principal amount. Agreement on restructuring of Russia's commercial debt was signed February 11, 2000. It provided for remission of 36.5% (USD 10.6 billion) of the debt principal and 33% (USD 2.2 billion) of bonds issued by the Russian Foreign Trade Bank (Vneshekonombank). The remaining sum was converted into Eurobonds to be secured by the Russian Government, with 30-year payment delay and seven-year grace period.

This agreement created an important precedent, which was used as the basis for a similar agreement with the Paris Club of Creditors (PCC) on long-term restructuring of the USD 38 billion former USSR debt on similar conditions. However, no agreement on comprehensive restructuring of Russia's ex-Soviet debt to the PCC was reached.

Meanwhile, the average servicing rate of Russia's foreign debt is now as high as 7.13% or close to USD 7 billion yearly. The Russian Minister of Finance, Alexei Kudrin,



believes that servicing cost of this debt is three to four times higher than international debt servicing costs paid by other countries in the Group of Eight (G-8). Between 1996 and 2001, hard currency payments to PCC countries totaled USD 19.08 billion, including USD 8.78 billion of debt principal and USD 10.3 billion interest. Settlement of former USSR debt was USD 9.94 billion, or 52.13% of total payments.

The debt to PCC countries is now Russia's biggest debt. Its repayment is scheduled for 2012-2015. Russia currently spends USD 2 billion a year in interest payments. As of January 1, 2005, Russia's ex-Soviet debt to the PCC was USD 43.1 billion, representing the largest part of Russia's debt to the Club. Russia's key creditors in the PCC are: Germany (USD 20.3 billion), Italy (USD 5.7 billion), Japan (USD 3.7 billion), USA (USD 3.5 billion), and France (USD 3.4 billion). Russia is willing to pay these debts ahead of schedule, as it has already done with IMF debt. Anticipatory payment of its USD 3.3 billion debt to the IMF, due in 2005-2008, has saved Russia USD 204 million in interest payments.

Attempts by the Russian Government to obtain discount on interest due on PCC debt that is discharged ahead-of-schedule have not yet met with full understanding among PCC creditors, but acceptance of Russia's proposals would let it direct substantial funds, saved on interest payments, to partial financing of accelerated MDG implementation efforts in Russia. This could strengthen Russia's credit rating. Settlement of a considerable portion of Russia's debt to the PCC could lower the country's national-debt-to-GDP ratio to 14% by the end of 2006 from over 100% at the end of 1999.

In June 2005, Russia signed an agreement on advance repayment of USD 15 billion of (predominantly Soviet) debt to the Paris Club

of Creditors at face value, to be carried out in June to August 2005. The Agreement reduces Russia's debt to about USD 25 billion. According to the Russian Minister of Finance, this early repayment will save Russia USD 6 billion. The Minister emphasized that the funds saved will be used for social issues and investment, enhancing resource capabilities of Russian development aid policy.

**C**hanges in the domestic decision-making procedure. Reforms in Russia have led to fundamental changes in the domestic deci-

**Representative bodies (federal and regional parliaments) and civil society organizations will perform key functions in determining the nature of Russia's participation in global partnership for development, in providing resource potential, and in controlling implementation.**

sion-making procedure, as new social and economic interest groups emerged within society. These groups have created political parties, business structures, trade unions, uncensored mass media, and civil society organizations to protect their interests and for political lobbying (these issues are discussed in more detail in Chapter 9).

Public opinion is becoming an important domestic factor that can influence the future content of Russia's participation in global partnership and the extent of its official development aid. In order to gain the support of public opinion, Russia's policy in this respect must not clash with efforts to raise well-being and living standards inside the country.

Representative bodies (federal and regional parliaments) and civil society organizations will perform key functions in determining the nature of Russia's participation in global partnership for development, in pro-

viding resource potential, and in controlling implementation. Involvement of these parties in decision making about Russia's participation in the global partnership has been limited before now, but that is likely to change.

**R**ussian business circles play an increasingly significant role in implementation of development assistance projects. Closer coordination between public and private institu-

### Russia's participation in international development assistance projects can help employ thousands of people in various branches of Russian industry and supply Russian businesses with foreign orders.

tions in the effort to secure long-term economic interests of the country helps to create favorable conditions for Russian business on foreign markets and to protect legitimate interests of Russian business abroad. This purpose is served by cooperation agreements between the Chamber of Commerce and Industry (CCI), Russian Union of Entrepreneurs and Industrialists (RUEI), Union of Oil and Gas Producers, the NGO Business Russia (Delovaya Rossiya), and the Ministry of Foreign Affairs.

**R**ussia's participation in international development assistance projects can help employ thousands of people in various branches of Russian industry and supply Russian businesses with foreign orders, thus boosting prosperity of Russians and promoting a more favorable attitude towards the country's participation in global partnership.

#### 7.2.2. INTERNATIONAL FACTORS

**L**arge-scale economic, political, and social reforms in Russia have caused violent transformations in social relations, customary ways of life, and understanding of nation-

al interests. Systemic transformation of Russian society has overcome former incompatibility of its values, and economic and political system with those of Western countries, helping lay a groundwork for Russia's integration into the world economy.

**E**nsuring favorable external conditions for Russia's progressive development is the major goal of the country's foreign policy. Russia's strategy for participation in the global partnership must rely on clear understanding of the role, which "global public benefits" play in Russian national interests, and of how global problems influence Russian socio-economic development.

**"Global public benefits" and national interests.** Protection of national interests is the main priority of Russia's foreign policy. Everyday life of Russians, the country's socio-economic development, and the state of its human potential are increasingly influenced by global demographic, migrational, environmental, energy, resource, and food issues.

**A**s Chapter 5 of this Report indicates, the Russian dimension of the global spread of AIDS poses a real threat to national interests. Russia will also be unable to completely free itself from the virulent poliomyelitis virus until this infection is eradicated in a number of countries of Asia and Africa. Russia's demographic situation is a matter of growing concern, since natural population decline in the last 14 years has totaled 10.4 million people. Replenishment through migration has compensated the loss to some extent, limiting the total decline to 5.3 million. But Russia's employable population may decrease by about 10 million more in 2006-2018.

**A**ccording to the Minister of Regional Development, if current demographic

trends persist, there will be four dependants per working citizen in Russia by 2025. Existing demographic trends could create serious obstacles to social and economic development in most regions of the Russian Federation and jeopardize financial stability of the pension system, the medical insurance system, and other vitally important spheres of social security.

**T**here is an increasingly urgent need for an immigration policy to match national interests, allowing replenishment of the Russian population with young, educated, and employable citizens. Russia will have to be absorbing up to 2 million such immigrants annually in 10 years time to maintain strong rates of economic growth. Surplus labor in some CIS countries and in many developing countries offers the main source for such immigration.

**R**ussia has vast deposits of energy, raw materials, and other natural resources of global importance, and its involvement in international natural-resource trading directly affects national interests, well-being of the population, prospects for development of a number of industrial sectors, and employment levels. In this area, fundamental national interests of the country have obvious global dimensions.

**G**lobal challenges cannot be properly resolved by efforts of one country or several countries: international mechanisms need to be created to address them jointly with relevant joint financing. It would be in Russia's interests to focus its attention and resources on top-priority support of national and international programmes targeting global problems, which are particularly manifest in Russia itself and have serious impact on the country's human potential.

**N**ational programmes of economic and social development must give high-

priority to Russian cooperation in resolving these problems on a global scale. Otherwise, the relevance of these national programmes is dubious. This approach will give conceptual integrity to Russia's participation in global partnership for development based on the MDGs, and will define the place of "global public benefits" in Russian national interests.

**R**ussia's integration to the world economy. High economic growth rates offer a solid basis for accelerated implementation of the Russia-adapted MDGs, improvement of the country's well-being, and growth and development of its human potential. Strong economic growth also helps Russia to intensify its contribution to international development assistance programmes as a donor.

**A** central precondition for high economic growth rates in Russia is the country's integration into global economic structures and comprehensive and equal participation of Russia in development of basic operating principles of global financial and economic systems. The country also needs to be

**It would be in Russia's interests to focus its attention and resources on top-priority support of national and international programmes targeting global problems, which are particularly manifest in Russia itself and have serious impact on the country's human potential.**

involved in multilateral mechanisms that govern international trade and economic, monetary, scientific, technological, and investment relations. Dealing with these issues is the top priority of Russia's foreign policy in international economic relations.

**T**he process of Russia's accession to the World Trade Organization (WTO) has

## Chapter 7

reached its concluding phase, and work to align Russian legislation with WTO standards is mainly complete, although a limited number of issues need to be coordinated in bilat-

**Lack of conceptual integrity and well-designed long-term strategy meant that, until recently, Russia's participation in international development programmes tended to be influenced by short-term economic or political goals of particular Government agencies or their heads, rather than Russia's strategic interests.**

eral negotiations. The 2005 World Bank report – “Russia's Accession to the WTO. How This Will Affect Macroeconomics, Various Industries, the Labor Market, and the Population” - says that Russia's yearly profit from accession to the WTO will be USD 19 billion thanks to liberalization of barriers, which keep foreign companies off the Russian market. However, experts of the Russian Academy of Sciences (RAS) estimate that WTO membership will not give Russia either losses or dividends exceeding 1% of GDP. Accuracy of optimistic or pessimistic estimates will depend on the final conditions, on which Russia enters the WTO.

Russia has become a member of the G8, and actively participates in the work of the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (EBRD), and the Paris Club of Creditors. The country has also been a stockholder in the World Bank since 1992. In 1998, Russia joined the Asia-Pacific Economic Cooperation (APEC) intergovernmental forum. Russia and the EU have an agreement on partnership and cooperation, and the EU has offered to promote integration of Russia into the world trade system. In 2002, the Russian Government and the European Investment Bank (EIB) signed a Framework Agreement. In

1994 Russia and the Organization for Economic Cooperation and Development (OECD) signed a declaration on cooperation. The OECD is considered to be the “brain center” of the world economy, setting the “rules” for international economic relations. Russia is also making steps toward further cooperation with regional and sub-regional integration structures in Africa and Latin America.

### 7.2.3. RUSSIA'S PARTICIPATION IN INTERNATIONAL DEVELOPMENT PROGRAMMES

Lack of conceptual integrity and well-designed long-term strategy meant that, until recently, Russia's participation in international development programmes tended to be influenced by short-term economic or political goals of particular Government agencies or their heads, rather than Russia's strategic interests. That inevitably led to dispersion of limited resources, reducing their impact.

Despite the grave economic situation in 1992, the Russian Government decided in that year to contribute 100 million SDRs (Special Drawing Rights) to the International Development Agency (IDA). This decision was implemented over the next eight years. After failing to keep up payments to the IDA, the Government nevertheless decided to make its scheduled contribution in 1996, although Russia could not afford to do. This can be taken as an illustration of the lack of a well-thought-out concept for participation in international development programmes.

It seems more reasonable to judge tendencies and priorities of Russia's global development partnership policy by practical actions in very recent years.

Speaking at the OECD forum “Russian Experience in Development Assistance and Reduction of Poverty: Implementing the Millennium Goals” in February 2005 in Paris, the chief Russian delegate emphasized that Russian efforts are focused on relief of debts owed by the world’s poorest countries. Russia has written off debts of developing countries to the value of more than USD 40 billion in the last three years alone (Box 7.2 and Table 7.2).

In terms of debts written off versus Russia’s Gross Domestic Product, Russia’s debt forgiveness of poor countries has been more generous than that by any other lender, even though Russian resource capabilities are appreciably lower than those of high-income countries and even some middle-income countries. Absolute figures of Russian write-offs have exceeded figures of all G8 members except for Japan and France. And the real extent of Russian participation in international development aid is even higher.

As is known, Russia has relieved ex-Soviet republics (now independent countries with low incomes), including Azerbaijan, Georgia, Kyrgyzstan, Moldova and Tajikistan of their shares of Soviet debt, and now pays high interest on that debt to the Paris Club. Russia thus has to pay a surtax to the Paris Club for the amount of debts forgiven by Russia to these countries. Such creditor practice is unprecedented; it does not match the spirit or letter of global partnership for development based on the MDGs.

It is also a fact that many CIS countries receive major Russian aid in the form of money, which they save due to differences between the prices at which Russia sells various goods (notably fuel) to these countries and world prices. Finally, Russian business plays an important role in economic and social development of many CIS countries (Table 7.3).

#### Box 7.2. Write-offs by Russia of debts owed to it by other countries

In January 2005 Russia decided to write off USD 9.78 billion out of Syria’s USD 13 billion debt. Syria agreed to pay the remaining USD 3.618 billion in parts: USD 2.118 billion should be transferred to Russia’s account in a Syrian bank and the other USD 1.5 billion is to be repaid within 10 years.

Russia has granted a debt amnesty of USD 11.1 billion to Mongolia, which had repaid USD 300 million of its debt to Russia. Vietnamese debts totaling USD 9.53 billion have been written off and remaining USD 1.5 billion is to be repaid between 2016 and 2022.

In 2001 Russia wrote off 80% of debt owned by Ethiopia and a further USD 1.12 billion was practically written off in March 2005, in the framework of the PCC. Outstanding USD 164 million should be repaid before 2035.

In 1992 Russia wrote off USD 2.55 billion of USD 3.11 billion owned by Nicaragua. However, Nicaragua failed to keep up payments and the balance returned to USD 3.4 billion by 1996. Russia then forgave 90% of the Nicaraguan debt, suggesting payment of the remainder over 15 years. In 2004 the residual 10% was also forgiven.

Angolan debt of USD 5 billion was restructured in 1996, when Russia wrote off 70% of the debt, having received Angola’s obligation to repay the remaining debt in the form of bills by 2016. In 1997 Russia forgave 80% of USD 2.54 billion debt owned by Mozambique, and 50% of the remainder was forgiven in 2002 with creation of a 30-year installment plan to settle the rest of the debt. About 70% of Laos’ debt of USD 1.08 billion was written off by Russia in 2003. The rest, with interest at a special reduced rate, is to be repaid by Laos before 2036. In 2001 Zambia’s debt of USD 798 million was re-structured with similar conditions.

In March 2005 Russia decided to write off more than 90% of the Iraqi debt totaling almost USD 9 billion, based on an understanding that Russia’s economic interests and interests of Russian companies in Iraq will be taken into account. USD 117 million of Tanzanian debt and USD 114 million of Mali debt have been written off in the last four years, as have at least half of debts owed by Algeria, Ghana, Guinea, Yemen, Bangladesh, Cambodia, and Guyana. Agreements have yet to be reached with other debtor countries, including Afghanistan, Algeria, Yemen, Cambodia, the Democratic People’s Republic of Korea, Cuba and Libya.

Such investments are likely to grow quickly thanks to deepening cooperation between the CIS countries in aerospace, transport development, oil and gas (including the Caspian Sea region), electric power, information and communication technologies and other segments. There are additional stimuli for growth of Russian direct investments in CIS countries based on development of integration between

**Absolute figures of Russian write-offs have exceeded figures of all G8 members except for Japan and France.**

Russia and Belarus, the Common Economic Space between Russia, Belarus, Ukraine and Kazakhstan, as well as Euro-Asian and Black Sea economic cooperation, etc.

Russia trains specialists for many CIS countries and developing states. Besides teaching foreign students in Russian educational institutions, Russia assists in establishing vari-

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**Table 7.2. Largest debts written off by Russia**

Rating	Country	Year of debt write-off agreement	Total amount of debt to Russia (USD billion)	Debt write-off amount (USD billion)
1	Mongolia	2003	11.4*	11.1*
2	Iraq	2004	10.5	9.5-9.8**
3	Syria	2005	13.4***	9.782
4	Vietnam	2001	11.3	9.53
5	Nicaragua	1992, 1996, 2004	3.11****	5.95
6	Ethiopia	2001	6.0	4.8
7	Angola	1996	5	3.5
8	Mozambique	1997, 2002	2.54	2.331
9	Laos	2003	1.08	0.7
10	Zambia	2001	0.798	0.56

Source: "Kommersant Daily", No. 16, February 1, 2005

\* As evaluated by Vnesheconombank. According to Standard and Poor's rating agency information, the debt was USD 10 billion, and the write-off was USD 9.7 billion.

\*\* Preliminary estimation by Russian Ministry of Finance.

\*\*\* After clearing (cross-cancellation) of Russian debt to Syria.

\*\*\*\* The initial amount of the debt for 1992 without interest for the next years

ous professional educational institutes abroad. Slav universities in Baku, Yerevan, Bishkek have been opened with Russian assistance, a branch of Moscow State University functions in Crimea, and agreement has been reached on opening of a University in Egypt with Russian assistance. Development of such activities in the future will be an important element of Russian participation in global partnership for development, and will have an influence on the country's long-term immigration policy.

**D**evelopment of equitable and mutually advantageous relations with other CIS states and Russia's traditional partners is in accordance with the Government's National Security Concept, matches Russia's national interests in the international sphere and has priority significance for the country.

**R**ussia supports in particular the efforts of CIS countries in the struggle against manifestations of global problems, which are also having serious effects in Russia. For example, according to World Bank experts, increase of HIV-infection in some parts of the former Soviet Republics of Central Asia has exceeded 1000% in just four years. In

Tajikistan the number of people infected with AIDS has grown by 1700% since 2000 and a similar situation has developed in Uzbekistan. The World Bank has allocated USD 25 million to fight HIV and AIDS in Uzbekistan, Tajikistan, Kazakhstan and Kyrgyzstan. Aid for this purpose is also being provided by the Global Initiative to Fight AIDS, Tuberculosis and Malaria, in which Russia is both a donor and a recipient.

**R**ussia has taken a USD 150 million loan from the IBRD to finance the project "Prevention, Diagnostics, Treatment of Tuberculosis and AIDS", which aims to stabilize and then reduce statistics on these diseases in Russia. Effectiveness of the struggle against HIV and AIDS in Russia will be significantly impaired unless Russia helps to combat the disease in neighboring Central Asian countries. The same applies to other global problems, whose negative manifestations are felt both in Russia and in neighboring CIS countries.

**R**ussian aid to countries, which have been victims of natural and man-made disasters, has increased significantly in recent years. In particular, Russia contributed USD 30 million of targeted humanitarian, technical and medical aid in the beginning of 2005 to Asian and South-East Asian countries affected by the catastrophic tsunami.

**A**s well as offering assistance on a bilateral basis, Russia is expanding its participation in financing of United Nations agencies. The country also helps to replenish resources of the International Development Agency (IDA) and other international financial organizations, and helps to realize their development assistance initiatives, including the Global Fund for the Struggle Against HIV/AIDS, Tuberculosis and Malaria, the Trust Fund for the Initiative for Heavily Indebted Poor Countries (HIPC), and the



Global Initiative on Liquidation of Poliomyelitis. Russia allocated average USD 65 million dollars annually for these purposes in 1998-2002. In 2004 Russia invested USD 11 million as multi-partite aid under the World Food Programme. The country supports activities of regional economic commissions of the Economic and Social Council (ECOSOC), in particular the United Nations European Economic Commission (EEC), as well as the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP, the only universal body on multipartite socio-economic cooperation in that region).

Russia, as a shareholder of the World Bank, supports the Bank's efforts to provide international development aid. An agreement between Russia and the World Bank to hold regular consultations on problems of the Central Asian region was reached in November 2002, within the framework of these efforts. Russia has also expressed interest in discussing questions of economic development of Transcaucasia, and reconstruction of Afghanistan and Iraq.

Russia pays special attention to helping countries in Africa, which is often regarded as the world's "poverty epicenter", both on a bilateral basis and within the framework of UN projects, the G8 and other multipartite forums. Russia views the international project "New Partnership for Africa's Development" (NEPAD), approved in 2002 on the initiative of African countries, as the key strategy for cooperation between Africa and the international community.

In 1998-2004 Russia wrote off debts of African countries totaling about USD 14 billion and at the summer 2005 G8 meeting the country expressed readiness to write off a further USD 2.2 billion dollars of African debt. Russia grants trade preferences to 50 African countries, including the 29 least developed, whose imports to Russia are not liable to customs

duties. Goods falling under such preferential treatment had value of USD 345 million out of total USD 600 million Russian imports from Africa in 2003.

Russian companies are involved in a number of large African investment projects in mineral resources, power, and metallurgy, and Russia provides much aid to African countries in education and public health services. Russian business is taking part in efforts to intensify trade and economic cooperation between Russia and the South Africa Regional

**In 1998-2004 Russia wrote off debts of African countries totaling about USD 14 billion and at the summer 2005 G8 meeting the country expressed readiness to write off a further USD 2.2 billion dollars of African debt. Russia grants trade preferences to 50 African countries, including the 29 least developed, whose imports to Russia are not liable to customs duties. Goods falling under such preferential treatment had value of USD 345 million out of total USD 600 million Russian imports from Africa in 2003.**

Development Community (SADC), which incorporates 14 African states. Negotiations are underway for signing of cooperation agreements between Russia's Chamber of Commerce and Industry and partner organizations in the SADC countries (Angola, Mozambique, Namibia and Tanzania).

Russia is evolving political dialogue with the Organization of African Unity (OAU) and sub-regional organizations, hoping to work through these organizations in order to access multipartite economic projects on the African continent. In August 2002 the Russian Government decided to co-finance expenses of the IMF's Comprehensive Programme of Technical Assistance to African Countries,

Table 7.3. Total amount of Russian investments in CIS economies

	2000		2001		2002		2003	
	USD ths.	% of total	USD ths.	% of total	USD ths.	% of total	USD ths.	% of total
Total investments	130981	100	310182	100	239692	100	544141	100
including:								
Azerbaijan	26	0.2	62	0.0	92	0.0	1613	0.3
Armenia	5	0.0	127074	41.0	4321	1.8	7650	1.4
Belarus	77238	58.9	61408	19.8	98292	41.0	243355	44.7
Georgia	133	0.1	59	0.0	—	—	1182	0.2
Kazakhstan	3453	2.6	19151	6.2	6143	2.6	27135	5.0
Kyrgyzstan	7	0.0	338	0.1	1400	0.6	608	0.1
Moldova	31224	23.8	93480	30.2	192	0.1	372	0.1
Tajikistan	—	—	—	—	71	0.0	18	0.0
Turkmenistan	2934	2.2	1280	0.4	855	0.4	857	0.2
Uzbekistan	929	0.7	428	0.1	2027	0.8	582	0.1
Ukraine	15032	11.5	6902	2.2	126299	52.7	260769	47.9

and Russia joined Great Britain, Germany, Italy, France, Japan, and the African Bank of Development to help fund an IMF programme for creation of African regional technical help centers. The programme is being implemented within the framework of the African Fund for Consolidation of Personnel and Organizational Potential.

This review of Russian participation in bilateral and international assistance programmes combined with analysis of domestic and international factors, and trends in Russia's resource base gives an idea of how Russia's role in the global partnership for development is shaping up.

### 7.3. RUSSIA'S URGENT OBJECTIVES IN THE CONTEXT OF GLOBAL PARTNERSHIP FOR DEVELOPMENT

The Report to the UN Secretary General, "Investing in Development: A Practical Plan to Achieve the Millennium Development Goals As Stated in the Millennium Declaration" notes that average-income countries, such as Russia, can provide financing to achieve the

MDGs at home using their own resources and regular credits (loans provided by the World Bank and regional development banks on commercial terms). The experts suggested that the definition "acceptable indebtedness level" be replaced with a new wording – "indebtedness level, which does not block achievement of the goals of development as set out in the Millennium Declaration" – and recommended to speed up relief of debt burdens of the most indebted middle-income countries, particularly through the Paris Club.

At the current stage of its development, Russia is gradually laying aside its role as a recipient of international development, and aiming to attain the MDGs domestically through its own efforts and, in large measure, at its own expense. Russia is also making efforts to increase its contributions to international aid programmes and international development initiatives.

1. Russia's domestic development priority for the coming decade is to complete its process of social transformation, including such expensive and socially painful reforms as transformation of the state administration, education and health, housing-and-municipal utilities, and structural reorganization of the economy.

2. The major element in Russia's transformation will be steadily high rates of economic growth including no less than doubling of Gross Domestic Product.

3. Complete achievement of the MDGs within Russia is a task of paramount importance in the coming decade. Domestic implementation of the MDGs, in a form adapted to Russian conditions, is an excellent way of ensuring that current socio-economic transformations have a social orientation. Successful advance in this direction will enable Russia to strengthen its capacities as a donor of international development aid.

4. At a time when Russia has to tackle large-scale socio-economic problems and achieve

the MDG at home using its own resources, the diversion of significant funds to meet debt liabilities and the high interest on those liabilities hinders and protracts the country' progress towards becoming an international aid donor. Advance payment of Russia's liabilities to international financial institutions on conditions that are adequate to national interests will speed up economic growth, help attain higher standards of well-being in Russia and significantly expand the resource base for Russia's participation in the global partnership for development as a donor country. Such a scenario would meet both Russia's interests and interests of the entire international community. Russia's mass write-off of debts of the poorest countries to the former Soviet Union helps those countries to attain the MDGs and deserves to be reflected in lightening of the burden of service of Russia's own indebtedness to the PCC in order to help accelerate achievement of the MDGs inside Russia. Freeing Russia from the obligation to pay high interest on debts of CIS states, which Russia itself wrote off, would comply with standard practice of rendering development assistance.

5. A precondition for successful and secure achievement of the first seven MDGs inside Russia is its partnership in international efforts to solve mainly those problems, which are particularly acute in Russia itself and which affect its native national interests. Acting both as a recipient and as a donor, Russia should also support similar efforts by neighboring countries, on both bilateral and multipartite bases. Russia's participation in such international programmes as a donor state should be viewed as an integral part of its efforts to solve these problems domestically.

6. Russia's policy of participation in the global partnership for development is not yet fully formed and not yet integrated in programmes for current and future national development. Russia has yet to develop and ratify basic dimensions of its future strategy in this area,

which are adequate to national interests. They should be reflected in Russia's Foreign Policy Concept and National Security Concept. Priority significance at an initial stage should be given to programmes which can bring direct or appreciable indirect benefits to Russia.

7. The concept of Russian policy in global partnership for development should define the place of "global public benefits" in Russian national interests, and should make clear what is Russia's understanding of the global partnership itself, of forms of participation in it by various groups of countries, and of the purposes and means for achievement of such global benefits. The Concept should take account of the specificity of Russia's participation in such partnership as a middle-income country and formulate conditions whose fulfillment would allow Russia's transformation from a predominantly recipient country into a donor of international development assistance.

8. Until now Russia has no special establishment responsible for realization of Russian policy in the relevant area and authorized to coordinate activity of various ministries and departments, economic entities, business structures, scientific research institutes and civil society organizations. It might be expedient to create a National Agency for Development Assistance, taking account of specificities of Russia's participation in global partnership and experience of the work of similar establishments in other countries.

9. Contents of Russia's future strategy in this area should take account of fundamental values reflecting the new state of Russian society — adherence to respect of human rights and personal freedom, a market economy and democratic values.

10. State policy in global partnership, and the forms and amounts of Russia's development assistance should be discussed openly with Government representatives at various levels, mass media, public organizations and Russian business. There is a need to convince enlight-

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ened public opinion in Russia of the benefits for the country from participating in the task of global development.

The analysis in this Chapter suggests the following *formulation of MDG 8, adapted for Russia*: "Participation in global development partnership adequate to Russian national interests, focused on:

- creation of favorable international conditions for elimination of internal obstacles to human capital development and achievement of the MDGs inside Russia;
- priority assistance by Russia in solution of global problems, which are acutely manifested inside Russia itself;
- gradual build-up of Russia's contribution to international development programmes as a donor country."

We will now consider possible interpretation of targets attaching to MDG 8 for Russia.

**Target 12:** *To continue creation of open, rule-based, predictable and non-discriminatory trade and financial systems.* Russia adheres to the rules, which govern international finance and trade. It aspires to participate in regulation of acting rules in accordance with its national interests, being guided by adherence to respect of human rights and personal freedoms, market economy principles and democratic values. Russia's membership of the IMF, the World Bank, its cooperation in the framework of G8, participation in regional agreements, growing cooperation with the European Union and with other CIS countries, and intention to join the WTO follow the spirit and letter of target 12.

**Target 13:** *Satisfy special needs of the least developed countries.* Russia is among world leaders by amounts of debt write-off for the poorest countries. It also renders consider-

able aid to the poorest CIS countries, and promotes solution of acute economic, social and other obstacles to stable development in those countries. Russia also participates in bilateral and international programmes of assistance to African countries. Support for Russian business investments in CIS countries and other developing states would be of special significance in this respect.

**Target 14:** *Satisfy special needs of developing countries, which do not have access to the sea, and small island countries.* Land-locked countries with which Russia maintains active economic ties includes many Central Asian countries, Armenia, Moldova and Mongolia.

**Target 15:** *To solve debt problems of developing countries in a package, using both national and international actions.* National actions were described in this Chapter. Russia, as a permanent member of the G8, the IMF, the World Bank and other international bodies, can assist efforts of the international community in achieving this target. In particular, at the recent meeting of the G8 in Scotland, Russia took an active part in formulating G8 initiatives for helping development of African states.

**Target 16:** *In cooperation with the developing countries to develop and realize strategies allowing young people to find worthy and productive work.* Russia should participate in solution of these problems, since the country already trains young people from developing countries and could enhance quality of their workforce, partly for subsequent employment in Russia.

**Target 17:** *In cooperation with pharmaceutical companies provide availability of inexpensive basic pharmaceuticals in developing countries.* This task is urgent inside Russia itself. Solution of the problem domestically will

prepare the Russian Federation to increase help to developing countries in this domain, including cooperation with national and foreign pharmaceutical companies.

**T**arget 18: *In cooperation with the private sector to take actions so that all countries could enjoy the advantage of new technologies, especially information and communication technologies.* Again this task also requires urgent solution inside Russia. While working to install such technologies at home, Russia is also helping to finance relevant technical assistance to African countries, working with many CIS countries in this field, and providing relevant educational support.

#### 7.4. MONITORING OF RUSSIA'S ADVANCE TO GOAL 8

**M**ost of the issues that relate to the global partnership for development have significant domestic and international political dimensions. Monitoring of these dimensions is very difficult. Several parameters can be suggested, none of which give a complete picture of Russia's advance towards Goal 8 (in its form adapted to Russian conditions), but which help to ascertain whether or not progress in the right direction is being made:

1. Amount of funds borrowed from external sources and intended for financing of activity to achieve Goals 1-7 of the MDG.
2. Rate of reduction of Russia's debt burden to the PCC and its yearly payments to PCC members.
3. Amount of funds being paid to Russia annually by debtor countries.
4. Amount of funds provided by Russia to support official bilateral aid.
5. Amount of funds provided by Russia as a participant of international programmes and projects for development aid.
6. Amount of Russia's direct investments in

CIS countries with low incomes and in other developing countries.

7. Amount of funds provided by Russia to finance professional training of young people in developing countries.

8. Dynamics of legal immigration into Russia.

#### 7.5. POSSIBLE SCENARIOS

**T**he international target parameter of Official Aid for Development (OAD) allocated by developed countries is 0.7% of gross national product. At present this parameter is achieved (or exceeded) by Denmark, Luxembourg, the Netherlands, Norway and Sweden. Commitments to follow a schedule for achievement of this target by 2015 have been given by Belgium, Ireland, Spain, Great Britain, Finland and France. OAD in donor countries in 2002 averaged 0.23% of gross domestic product. Russia as a middle-income country with per capital GDP three-five times lower than donor countries, the 0.23% target parameter is unlikely to be achievable in the coming decade (not including sums of written-off debts and price preferences in trade with low-income countries).

**W**hether various scenarios for Russia's further participation in global development partnership are realistic does not only depend on change in Russia's available resources for this purpose, but also on internal and external political factors, which can only be assessed hypothetically. Political and economic vagueness makes it impossible to realistically predict the character and scale of Russia's participation in global development partnership in the coming decade.

**I**t can be assumed at any rate that Russia will continue to write off bad debts of the poorest countries, that the amount of borrowings from external sources specifically for achievement of the MDGs (adapted to

country conditions) will be reduced, and that the Russian Government will work to reduce the burden of Soviet debts to be repaid by Russia to the Paris Club. It is realistic to assume more Russian involvement in various forms of assistance to CIS countries. Russia will also continue assisting development of African countries on both a bilateral and international basis, including aid with involvement of Russian business. In addition the poorest countries will be granted further preferences in trade (import of their goods to Russia will not be liable to customs duties). As it increases its resources the Russian Federation will take a greater part in

international aid programmes for development and projects for solution of global problems, particularly those with immediate impact on socio-economic conditions in Russia. It can also be assumed that Russia will implement programmes to stimulate legal immigration of excess labor from the CIS and developing countries, and make efforts to train the migrants. Priorities of Russia's global partnership policy will evolve as the domestic situation and available resources allow, and will be influenced by success or failure of international efforts to solve problems of sustainable development worldwide.

### **Box 7.3. Russia's participation in G8**

Russia views G8 as a key international forum in which leaders of the main democratic industrial countries coordinate collective approaches to solving pressing problems of global politics and the economy, as well as global problems of human development. The scope of issues discussed by G8 is very wide and substantially coincides with the issues set out in the United Nations Millennium Development Goals (MDG). Therefore, realization of G8 decisions promotes achievement of the Millennium Goals, including the development goals.

Russia views its participation in G8 as an important and distinct trend of its foreign policy, one of the major tools for realization of its national interests based on multilateral interaction, and a means for acceleration of integration into the world economy and creation of favorable external conditions for further socio-economic development inside Russia.

The Russian position in G8 has been considerably strengthened in recent years, as acknowledged by the decision of the Kananaskis Summit (Canada, June 2002) that G8 presidency functions should be granted to Russia in 2006. The decision demonstrates recognition by other G8 members of Russia's increasing role in the modern world.

Active participation by Russia in G8 promotes international security. Our country takes an active part in fulfilling G8 decisions aimed at non-proliferation of weapons of mass destruction and materials and technologies for their development.

G8 involvement in the war against terrorism is very important for Russia. Decisions at the Kananaskis, Evian and Sea-Island summits have generated a substantial basis for anti-terrorist cooperation, including suppression of terrorism financing, detection of persons and organizations participating in terrorism, and prevention of transport terrorism. Russia is also taking an active part in cooperation to fight drugs, transnational crime and corruption.

Further consolidation of Russia's positions in G8 financial and economic activity is promoted by the

country's recent strong economic development, growth of gold and currency reserves, responsible policy in the world energy markets, and a well-defined procedure for repayment of foreign debts.

Growth of the national economy enables Russia to increase its participation in G8 efforts to resolve acute problems of developing countries. Russia is one of the main participants in the programme for reduction of debts of the poorest countries. Russia has contributed USD 11.25 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria, USD 11 million to the World Food Programme, and USD 8 million to the World Health Organization to fight poliomyelitis.

Together with its G8 partners, Russia takes an active part in implementation of the NEPAD programme and a long-term G8 Africa Action Plan as well as respective decisions of the Evian and Sea-Island summits. Russia has written off or committed to write off debts of African countries to the value of USD 16.5 billion. Russia applies preferential customs and tariffs on goods from African countries.

Development of joint approaches to solving global problems is an important aspect of Russian participation in G8. Thus, the innovative G8 decision on cooperation in the most promising science and technology initiatives (hydrogen power, bio- and agriculture technologies, global monitoring of natural processes) was approved by the Evian Summit (2003) with active participation of Russia.

Various activities to prepare Russia's G8 presidency in 2006 are now being carried out. Russia wants to ensure continuity of G8 activity, but also to put forward new initiatives relevant to the interests of its G8 partners and also with practical value for the whole international community. Main outcomes of the 2005 World Summit dedicated to the 60th anniversary of the United Nations will certainly be taken into account.

**Ministry of Foreign Affairs of the Russian Federation**



## Box 7.4.

### Box 7.4. The new Swedish policy for global development

The new Swedish Policy for Global Development (PGD) states that all policy areas should contribute to a more equitable and sustainable global development. The objective of the Swedish development cooperation is to contribute to an environment supportive of poor people's own efforts to improve their quality of life.<sup>1</sup>

One of the most innovative and interesting features of the PGD is policy coherence, which means that development issues should be taken into account in all relevant policy areas and not just in development assistance. It also means that the millennium development goals (MDGs) should apply to all policy areas. This feature of the new policy emphasizes the idea that development is not about aid alone but rather a complex set of policy areas, such as agriculture, trade and finance. The belief is that a coherent or holistic view is necessary in order to meet the MDGs.

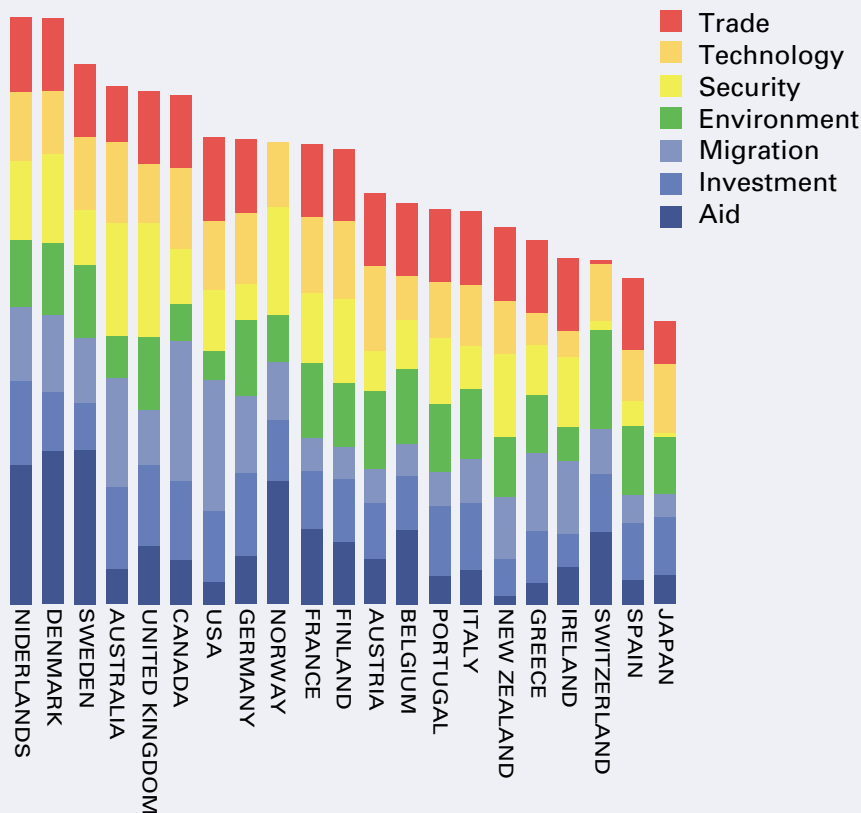
Although the policy is undoubtedly commendable and a step in the right direction in a globalized world, it remains to be seen how it will be implemented. The fact that some important aspects in this regard are beyond Sweden's own control, such as EU farm policy, illustrates both the need for a coherent international development policy and difficulty of its implementation by one country alone. The implementation chal-

lenge was also brought up by the OECD in its DAC peer review of the new Swedish policy. The OECD argued that "while the PGD mandate is clear and has high-level political support, much remains to be done to implement its policies and intentions, whether at headquarters or in the field." However, if implemented on a wider basis, it has the potential of moving global development into a new era.

The Centre for Global Development together with the magazine "Foreign Policy" has constructed an index that ranks rich countries' policies on a set of issues related to development.<sup>2</sup>

The CGD/FP index covers seven categories; aid, investment, migration, environment, security, technology and trade. It is a little ironic that Sweden is the leader of the 21 rich countries in the aid category, but only scores about average on the other indicators with investment and security being at the lower end of the scale.

However, the fact that Sweden improved its ranking from eighth to third between 2003 and 2004 (and the US from 20th to 7th) mainly due to a methodological change in the index illustrates the danger of putting too much emphasis on rankings.<sup>3</sup> Moreover, as many of the coherent policies discussed in the PGD and in rankings such as the CGD/FP are more dependant on an international than national policy level, there needs to be increased



focus on global governance. The role of the EU in farm policy and the WTO in trade policy are the most obvious examples.

The most appealing feature of the PGD is arguably the simultaneous deepening (increased focus on poverty reduction) and widening (policy coherence), which it offers in approaching global development. The widening is especially crucial in the globalized environment, in which development assistance is taking place. Many of the challenges and opportunities facing developing countries are indeed international or even global. The prominent role of policy coherence is therefore a good sign that the new policy takes the increasingly complex set of issues, which affect global development, into account.

**The aid-growth-poverty reduction formula explained<sup>4</sup>**

Sweden's new Policy for Global Development (PGD) with a strong focus on poverty reduction in cooperation with the political and economic development in the transition countries in Central and Eastern Europe has brought about a reevaluation of Sweden's activities in the region. The objective of this brief is to present a possible conceptual framework for this reevaluation based on recent academic research. The brief focuses on discussion of the link between development aid, economic growth and poverty reduction.

*Development aid, economic growth and poverty reduction*

The link between development aid, economic growth and poverty reduction is central to the discussion within transition and development studies. The point of departure here is that economic growth is often a precondition, but no guarantee, for poverty reduction, which leads the analysis to a discussion of what brings growth.

*It is all about institutions and enforcement*

An important element in all the steps in aid-growth-poverty reduction is the importance of institutional environment. The ability of a particular country's institutions affect not only the general preconditions for economic growth, but also how the growth is distributed and how different development assistance interventions affect growth and poverty. In this context, institutions are defined in a wide sense to incorporate laws and rules necessary for the market to function but also the organs, which ensure that the rules are applied and implemented. The concept also includes the political institutions, which generate the laws and influence how they are applied. Moreover, a wide interpretation of the institution concept even includes the social norms and cultural patterns, in which the rules and laws are based.

Academic research has recently come to

focus on how institutional environment affects economic growth and what aspects of this environment are of particular importance. Very thorough research has established strong links between, on the one hand, institutional factors such as legal origin, quality of laws, level of corruption and the rule of law, and economic development and growth on the other. A clear pattern is emerging from the research; formal laws and rules are not of fundamental importance for economic growth, it is enforcement that matters. Many transition and development countries have comparable rule systems, but the authorities set to monitor and guarantee enforcement are much weaker than their counterparts in developed countries.

A central problem for understanding of the connection between institutions and economic growth is the identification problem, i.e. given that there is a statistical correlation between a given institution and economic growth it can determine if there is a causal connection between the them, or whether a third variable, such as geographical proximity, determines both. Even if there is a causal connection between them it may be difficult to establish the direction. Good growth can lead to the establishment of certain institutions, and the other way around. To understand the causality is of great importance when formulating and evaluating the effects of development assistance.

*The role of external anchors*

It is important, but not sufficient, to determine what institutions are most favorable for economic growth and how the initial conditions may have affected the choice of institutions. There are numerous examples of countries with apparently very similar initial conditions where the result in terms of both institutional development and economic growth has been very different. The importance of leadership is certainly one important factor but the external factors influencing the directions of the leaders are also important. The role of external anchors has, for instance, been obvious in Central and Eastern Europe where the possibility of EU membership has played a determining role in the political process and, ultimately, for the institutional development. The WTO is another example of a potential external anchor, which is evident in the case of China and perhaps in Russia and Ukraine in coming years.

An external anchor normally offers some form of economic and political reward, and its strength is determined by the size of the reward, the level of insecurity over the size of the reward and when it will be given, and how the reward will be distributed among individuals and groups.<sup>5</sup> The impact of the EU enlargement process is to a great extent explained by the fact that

such large groups in society and the political elite wanted the membership, primarily as a token that they had re-entered European culture. The way the accession process was designed also had a great importance for institutional development in these countries. The effects of development assistance can be much greater if they are combined with external anchors and wide conditionality that is conducive to aspirations among large groups in the recipient country.

In the longer perspective, it is probably internal anchors, often in combination with external forces that sets the pace of institutional change. The importance of an economic middle class of entrepreneurs and civil servants with a strong interest in deepening of the rule of law is of great importance. But other users of institutions and organizations in civil society, such as an independent legal system and free media, are also important potential internal anchors. Strengthening these groups' political influence vis-a-vis monopoly interests and government is a central component of building and sustaining vital institutions. Transparency in decision-making and governance are particularly important to strengthen the winds of change.

Development assistance aiming at poverty reduction through economic growth should therefore be focused on institutional change and strengthening of already functioning institutions. Research shows that direct institutional copying and technical assistance based on institutions in the donor country have limited ability to succeed. To the extent that such assistance is given, much care should be devoted to the wider institutional context and considerable room should be given to adaptation to local conditions. The analysis must also take account of ability of the specific institutions to change.

Research shows that development assistance should instead focus on building external and, even more importantly, internal anchors. The relative and absolute importance of different types of anchors, and the prospects for development assistance to be successful is to a great extent dependent on the local conditions and change over time. Even if the basis for much of the institutional change is at a national level, the large differences between different regions in Russia, for instance, indicate scope for regional development projects as well.

#### **From development assistance to regional public goods provision**

Discussion of common solutions to shared problems has grown in parallel with growing interdependence and integration between countries. The issues surrounding production, management and financing of public goods are central features of this discussion. Global public goods are also put forward as one of the

main themes in the new Swedish Policy for Global Development (PGD). Sweden has, in cooperation with France, also established an International Task Force on Global Public Goods with a mission to study how the most important global public goods are provided today.<sup>6</sup> The task force should also come up with recommendations on how management and financing of global public goods can be improved in order to fight poverty and promote sustainable development.

The global public goods discussion is, of course, not restricted to the global level and to development cooperation. This brief takes a closer look at how public goods are relevant on the regional as well as the global level and in regular international cooperation as well as in development cooperation.

Six policy areas are most often referred to global public goods: combating communicable diseases; conflict prevention; conflict management and humanitarian efforts; catastrophe management; financial market stability; the fight against organized crime and corruption; and environment. All of these public goods are not necessarily global, though. Migration, sea pollution and catastrophe management are examples of public goods that can be more relevant on a regional basis. The focus on regional public goods ought to be of special interest for areas, such as the Baltic Sea region, with a high degree of integration.

The most common definition of public goods is that someone's consumption of the good does not prevent someone else's consumption of the same good (non-rival) and that the good can be enjoyed by all consumers (non-excluding). The fact that public goods are non-rival and non-excluding make them very difficult to price and result in a free-rider problem as some individuals, regions or countries do not produce or finance the public good as they can enjoy it in any case. This leads to a constant supply problem as the public goods tend to be under-produced. This is a general problem for public goods provision but is even more difficult to manage on a regional or global level as the governance structure and added value is less clear compared to the national level. This is where development assistance has and can continue to play a crucial role.

Development assistance has been an important financing instrument of global public goods. The provision of public goods in the Baltic Sea region is a good example. About half of Swedish development assistance to Russia has, for instance, been directed to environment and common security. Given the difficulty in getting sufficient financing and production of these public goods in regular international cooperation, development assistance has been a convenient source for financing the production of these public goods.

## Box 7.4.

There is, however, a potential danger for the future provision of public goods in general and for regional public goods provision in the Baltic Sea region in particular. It may be more difficult (at least intellectually) to finance these goods from the development budget with a policy focusing more strongly on poverty reduction, which the PGD does. As Sweden is phasing out its development assistance to the transition countries in the Baltic Sea region as a result of their strong economic growth, there will be much less available financing for these goods in the region. The need for provision of public goods in a region such as the Baltic Sea is, however, likely to increase as the region is becoming more integrated. Increased trade and interaction between countries in the region is bound to stimulate increased interest in and concern about common problems. There is already a wide public interest in, or fear of, issues like environment, health, migration and organized crime in the region. There are a number of regional and sub-regional institutions dealing with these issues that have recognized the importance of regional public goods provision. There is, however, a financing and management problem that

so far has been mitigated by relatively sizable amounts of development assistance.

There is clearly a need to continue and even increase the financing of public goods in the region, but it is not clear if these public goods should be financed from the development budget, regular international cooperation budgets, or from some other public or even private sources in the future. The PGD is unfortunately unclear on this topic. This is a complex issue, though, as some public goods are most effectively financed and managed on the global level whereas others are more suitable on the national or even local level. However, a few general considerations are valid. The principle of subsidiarity should be respected and a careful analysis of the institutional and financial capacity to provide the goods at each level should be carried out. Another general recommendation is to increase funding for regional public goods from various sector ministries, implying that part of the responsibility is moved from development cooperation to regular international cooperation. This is definitely relevant for Sweden's engagement in the Baltic Sea region, as development assistance is being phased out.

**Marcus Sbedberg**

<sup>1</sup> See <http://www.sweden.gov.se/sb/d/3102/a/18434> for details about the PGD

<sup>2</sup> For details about the index, see <http://www.cgdev.org/rankingtherich/>

<sup>3</sup> See a comparison between 2003 and 2004 with the new methodology on <http://www.cgdev.org/rankingtherich/lastyear.html>

<sup>4</sup> This is an abbreviated, slightly revised and translated version of a note to a background paper of a commission evaluating Sweden's future development cooperation with Eastern Europe.

<sup>5</sup> Berglof och Roland (1997).

<sup>6</sup> <http://www.gpgtaskforce.org>

## Appendix 7.1

**Table. Gross domestic product per capita**

	Gross Domestic Product per capita by buying capacity (US dollars)	Gross Domestic Product per capita in % to that of USA	Purchasing-Power Parity (national monetary units per 1 US dollar)	Ratio between PPP and exchange rate (in %)	Country rating by Gross Domestic Product per capita
Russia	8087	22	9,27	30	38
Australia	27899	77	1,34	73	14
Austria	30101	83	0,91	86	6
Belgium	28630	79	0,88	83	12
Bulgaria	7064	20	0,58	28	39
Great Britain	28906	80	0,61	91	11
Hungary	14364	40	114,72	44	30
Germany	26655	74	0,96	90	19
Greece	19068	53	0,68	64	24
Denmark	30042	83	8,43	107	7
Israel	22617	62	3,46	73	21
Ireland	32881	91	1,00	94	4
Iceland	29355	81	92,18	101	10
Spain	23196	64	0,74	82	20
Italy	26733	74	0,82	78	18
Canada	29590	82	1,23	78	9
Cyprus	20483	57	0,44	72	23
Korea (South)	18443	51	778,78	62	27
Latvia	9553	26	0,25	41	36
Lithuania	10399	29	1,43	39	35
Luxembourg	52177	144	0,98	92	1
Macedonia	6031	17	20,02	31	42
Malta	18214	50	0,25	56	28
Mexico	9370	26	6,58	68	37
Netherlands	29939	83	0,92	87	8
New Zealand	21939	61	1,47	68	22
Norway	36682	101	9,14	115	2
Poland	11194	31	1,83	45	33
Portugal	18841	52	0,66	62	25
Romania	7017	19	9890	30	40
Slovakia	12604	35	16,21	36	31
Slovenia	18465	51	144,27	60	26
USA	36202	100	1,00	100	3
Turkey	6516	18	611479	40	41
Finland	27807	77	0,97	91	15
France	27701	77	0,90	85	16
Croatia	10578	29	3,75	48	34
Czech Republic	16585	46	14,27	44	29
Switzerland	32506	90	1,80	116	5
Sweden	28152	78	9,36	96	13
Estonia	11253	31	7,63	46	32
Japan	27207	75	143,67	115	17

The table outlines final results of Gross Domestic Product comparison by 42 countries of the world according to 2002 data, estimated and published by the Organization of Economic Cooperation and Development (OECD).



# Millennium Development Goals and regions of Russia

The Millennium Development Goals were prepared as a tool of development, evaluation and planning at the national level. However, Russia, as the country with the world's largest territory, displays huge differences between socio-economic development levels of its many regions. If we only estimate and forecast average country indicators we run into an obvious problem: some regions have already reached goals, which others are unlikely to achieve in the foreseeable future. A disaggregated system of MDG indicators tailored to Russian specifics is needed to take account of regional diversity for purposes of designing and implementing the national development strategy.

## 8.1. MDG INDICATORS FOR REGIONS

The MDGs require certain adjustments as applied to Russia. It was already pointed out in previous sections of this Report that some goals and indicators, e.g. achieving universal primary education or gender equality in access to education, are not relevant for the country as a whole. Nor are they relevant for its regions. Due to this, the analysis below does not include a regional dimension of MDG Goal 2 "Achieve universal primary education". Setting up a system of disaggregated MDG indicators runs into informational limitations: far from all indicators prepared for Russia as a whole are calculated for Russian regions and published by state statistics

agencies. The analysis of Russian regional statistics identifies just 17-18 indicators fully meeting the MDG indicators or close to them (Appendix 8.1. Table). The goals of eradicating extreme poverty and forming a global partnership for development are the least supported by statistics. However, the available indicators in combination with the human development index for Russian regions makes it possible to identify the acutest development problems and the potential for coping with them in the regions of the Russian Federation (in this Chapter the terms "regions" and "RF subjects" are used interchangeably to refer to the 89 administrative divisions of the Russian Federation).

**Goal 1. Eradicate extreme poverty.** The extreme poverty level in the regions can only be appraised indirectly, based on population differentiation by income, official poverty level and income deficit. Income inequality among Russians, as in all transition economies, has aggravated: in 1990 the 20% of the population with the lowest income took 9.8% of total income, but in 1994-2003 this lowest-income group had only 5.5-6.5%. The share of the poorest quintile in income varies only slightly between most regions, in a range of 6.0-7.8%. The richest RF subjects are most polarized in terms of income: Moscow (2.5% share of the poorest quintile) and key oil and gas producing areas (4.6-5.0 %).

The capital coefficient (the ratio between incomes of the 10% of people with the



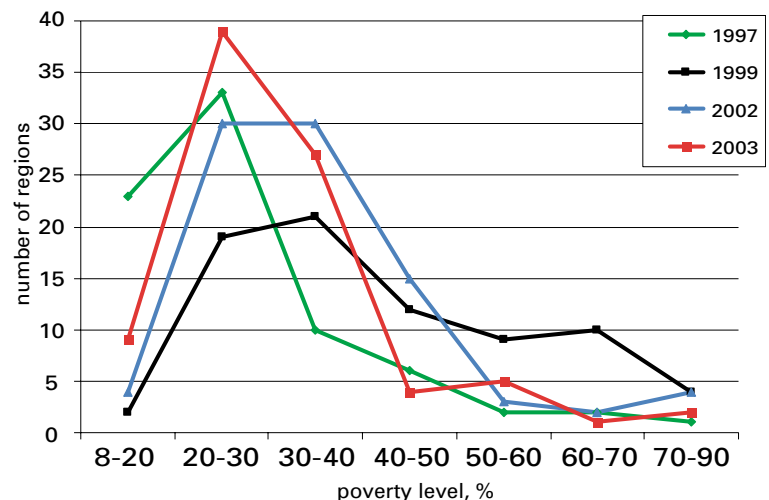
highest incomes and the 10% of people with lowest) is very high over Russia in general – more than 14 times in 2003 and still growing. In the European Center, the Volga Area and the Russian South inequality is less pronounced (8-11 times), since a lower cost of living makes it possible to avoid poverty even if incomes are not high. In Moscow the polarization of population by income is enormous (52 times), so the poverty level is no different from the average for Russia, although the average per-capita income of the capital's population is the highest in the country. In Moscow over 2 million residents have incomes under the subsistence minimum, which is almost 7% of all low-income Russians. In the relatively developed regions the proportion of poor people is close to the Russian average, while polarization of incomes is especially high in the Republic of Komi, Samara and Sverdlovsk regions (17-21 times). An additional poverty factor in the North and East of the country is high cost of living, especially affecting pensioners and families with children. However, in two oil- and gas-producing autonomous areas of the Tyumen region (Yamalo-Nenets and Khanty-Mansi) high polarization of income (18-20 times) and high cost of living do not tell on the level of poverty, which is twice lower than the Russian average. The advantages of these autonomous areas are obvious: people employed in the oil and gas sector have high wages and regional budgets receive super-high proceeds, which enable a powerful redistribution policy in the form of numerous extra bonuses and allowances to people working in the public sector. However, the situation in these two areas cannot be extended to the rest of the country, since other regions have no such revenues.

**D**uring 1999-2003 the proportion of people living under the poverty line in Russia declined from 29% to 20%, and the level of

poverty in almost in half of regions was 20-30%. However, regional variance remains very high: the minimal share of the poor in 2003 was registered in the autonomous areas of Tyumen region (8-11%), while the maximum level was in Ust-Ordynsky and Buryatsky autonomous areas and Ingushetia (83%), although reliability of data for the North Caucasus republics is relative, since they have the highest share of shadow income. High poverty indicators in the regions are determined by historically determined lags in economic development (less-developed republics of the North Caucasus and Southern Siberia) or slow economic rehabilitation following a heavy recession in the 1990s (depressed Ivanovo and Chita regions).

**T**he impact of economic growth on reduction of the poverty level and of its regional variance is less than the impact of growth on average per-capita income dynamics. In the five years since the Russian economy started to expand, the distribution of regions by poverty level has never overcome the crisis shift of 1999 and has not returned to the situation in pre-default 1997 (Figure 8.1), although pre-crisis average per-capita income

**Figure 8.1. Distribution of RF subjects by the share of population with income under the subsistence minimum**



## Chapter 8

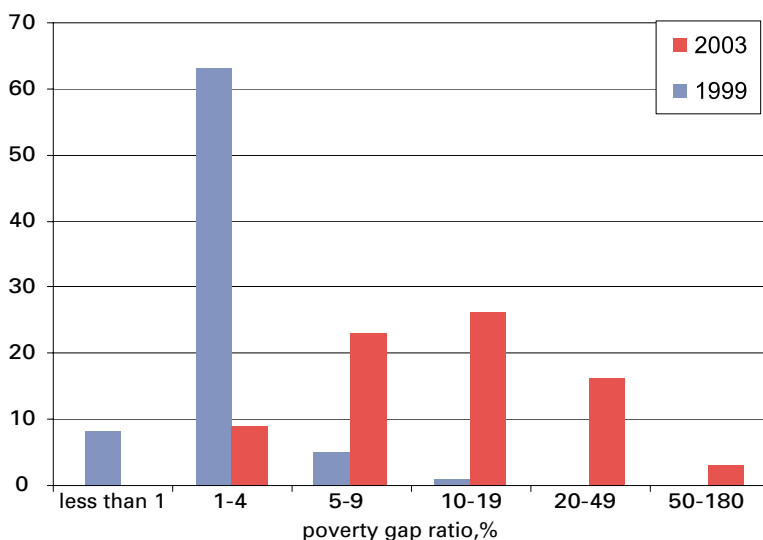
was regained in 2002. Poverty reduction in the regions is out of step with growth of the average per-capita income because disadvantaged people get only a meager share of the growing income. Social protection of needy groups in Russia has never been effective enough, and poor households feel their poverty and social exclusion more acutely against the background of greater inequality and higher consumption standards among the majority of the population.

Household incomes are growing, so the amount of money that would be needed to solve the poverty problem is decreasing as a share of the total income of a region's inhabitants. This is referred to as the poverty gap ratio, calculated as the ratio between total extra income that would be needed to lift people out of poverty (i.e. up to the poverty line) and total monetary incomes of the population. For the country in general the index reduced from 6.8% to 1.0% between 1999 and 2003, and in most regions the reduction was even stronger (Figure 8.2). In 2003 the poverty gap ratio in 71 RF subjects was below 5% of total household income, whereas in 1999 there were only 9 such

regions (not counting out autonomous areas). The poorest regions of Russia – Republic of Ingushetia, and Ust-Ordynsky and Komi-Permyatsky autonomous areas – remain among the outsiders (10-20% ratio). However, the income deficit in Ingushetia has shrunk 13 times during the years of economic growth, although accuracy of data for this Republic is relative. A 10-fold reduction has been observed in Tyva, and in other less developed republics (Kalmykia, Dagestan, Altai) it was 5 to 6-fold. Among regions populated by Russians (as opposed to smaller ethnic groups) the highest poverty gap ratio is in depressed Ivanovo region (6%), but there has been a substantial reduction – by 3.5 times.

The scale and geography of **extreme poverty** in Russia (the proportion of people whose incomes are less than a half of the subsistence minimum) can only be assessed for what was undoubtedly the worst year – 1999 – since later data were not published. The regional differentiation of extreme poverty was very high: in less developed republics and areas the proportion of people living in extreme poverty was as much as half of all people living under the poverty line, in most middle-of-the road regions the proportion of people living in extreme poverty was 3-5 times lower, with the exception of some regions of Siberia. Some developed RF subjects registered a higher proportion of extremely poor (20% and more of all low-income people): this was characteristic of the capital and leading export regions where polarization in terms of income is acute. However, other developed subjects – those with more favorable living conditions and localization of high incomes in some cities – had a lower-than-average share of extremely poor people in all of those below the subsistence minimum. According to NOBUS, the level of extreme poverty had reduced by 2003, and most of those still in the group are

**Figure 8.2. Distribution of regions by poverty gap ratio (excluding autonomous districts)**



households with a high dependency burden or lack of such resources as health or education, etc. Such poverty is becoming stagnant, and its eradication will require substantial financial allocations.

**P**overty alleviation in Russia has been recognized as a state policy priority, but regions have tended to be more successful in reducing the depth of poverty than in bringing people out of poverty. The obstacle is not only slow growth in incomes of the poor or persistence of a considerable inequality in income, but the inefficient social protection system. Available budget revenues are not always used for target support of the poor, and replacement of the previous system of payment exemptions for various supposedly vulnerable social groups by money allowances to these groups has diverted available cash away from the very poor, reinforcing an inefficient socialaid concept. Substantial poverty growth risks are emerging due to price rises for housing and utilities and planned reform of the housing sector.

**Goal 3. Promote gender equality and empower women.** The 2002 census confirmed that Russia is not affected by gender problems in the sphere of education: in all regions of the country economically active women have a higher education level than men. Women's economic activity in the regions generally continues features inherited from Soviet times, which points to the effect of long-term modernization factors and age structure. The lowest economic activity among women (less than half in the 15-72 age groups) is registered in the less urbanized republics of the North Caucasus with their traditionalist family roles and high birth rates, while the highest (more than two thirds in the relevant age groups) is found in regions of the North and Far East, which have kept the maximum proportion of able-

bodied people and highest employment of women (the same was true of these regions in Soviet times).

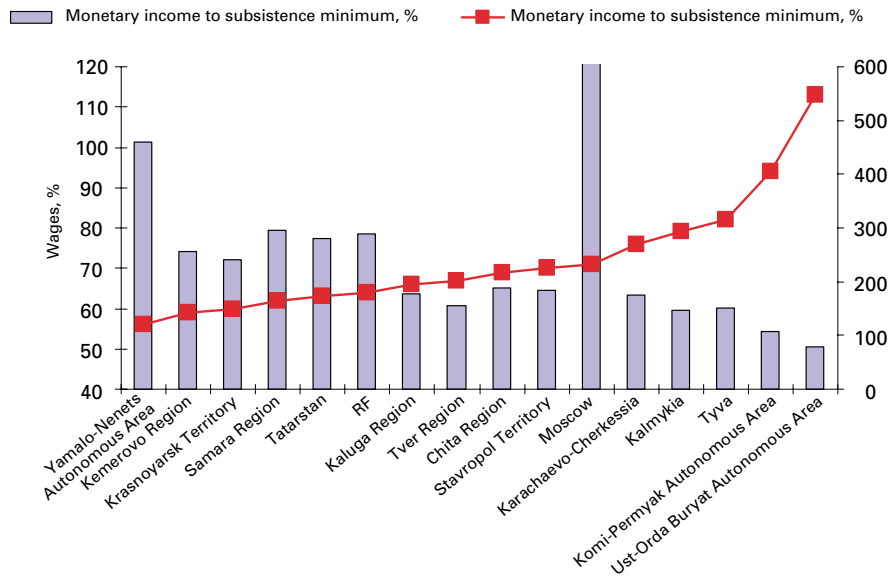
**M**en dominate among the economically active population in three quarters of regions due to difference of pension ages, but the employment differences are not too large. Newly developed industrial regions in the European North, North-West Siberia and the entire Far East show a greater imbalance (44-46% of women among workers). There is gender equality in the structure of employment in the ageing and depopulating areas of the European Center and North-West, as well as in Moscow and St Petersburg. Imbalances in favor of women (52%) are found in less de-veloped regions with specific gender roles (republics of Tyva and Altai, and several autonomous areas). There women take the lead in the low-competition labor market and become key family providers because of alcohol abuse and high male unemployment. Such gender equality can hardly be viewed as positive.

**T**he indicator suggested by the MDG is of little relevance for evaluating gender problems in the Russian labor market. Agricultural employment in Russia is generally male (59%), but women dominate non-agricultural employment in almost all RF subjects, except for a few resource-producing regions in the Far North.

**F**eminization of unemployment is not characteristic of Russia: unemployment is dominated by men in two thirds of regions. This is because men reject non-prestigious and low-income employment, while women are prepared to take unappealing jobs. Declining labor mobility and lower social and professional status of women has become a trade-off for lower female unemployment.

## Chapter 8

**Figure 8.3. Ratio of average women's wages to men's wages and ratio of average per-capita income to subsistence minimum in separate RF subjects in 2003**



**G**ender problems in Russia are manifested in different forms. First, there is a strong gender disparity in the sectoral structure of employment in all regions – public-sector jobs with low remuneration levels have always been female-dominated. In recent years a problem has emerged of male predominance at management levels in all RF subjects. This is partly due to evolution in the system of employment registration, but there is a tendency to displace women from management roles, and particularly from the most prestigious jobs.

**A**nother problem is gender variance in labor remuneration, although this is not true in all regions. There are various factors here, the most significant of which is sectoral structure and development level of the regional economy. Usually, lower household incomes in a region entail higher gender equality in terms of wages (Figure 8.3). In depressed agrarian and less-developed regions women's wages are about the same as those of men. However, this is an undesirable equality in poverty. The equalizing factor

of education is not operating and an inverse relationship has even developed: the lower the education level of a region's population, the higher gender equality in labor remuneration tends to be. The reason is that the North and East of the country, with their perennial migration influx, show higher educational levels, but income differentiation there is determined by large-scale raw material export production with high wages and predominantly male employment. Moscow is the only place where modernization of gender roles is reducing earning disproportions. The capital, where 43% of the employed population has higher education, shows an efficiency of gender alignment through education growth, which remains uncharacteristic for other regions.

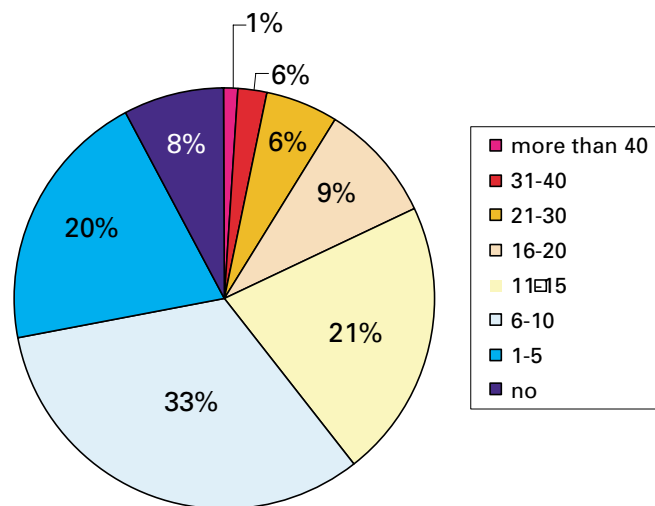
**T**his outdated gender structure is also seen in politics. Female representation in the legislatures of RF subjects has been extremely low during the transition period (Figure 8.4). In 7 regions there are no women deputies in the regional parliament, and female representation is below 10% in half of all regions. The sixteen RF subjects where the share of women deputies exceeds 20% are mainly in Northern Russia, and many of them are less developed autonomous areas (Chukotka, Ust-Orda Buryat, Jewish Autonomous Region, etc.). However, Moscow also has more than 20% women in its parliament.

**T**he relationship between the level of regional development and representation of women in politics is unfortunately inverse: access of women to decision-making is facilitated by reduced male competition in regions with the least financial resources and most difficult socio-economic conditions. Women are better represented in legislatures of less developed autonomous areas and in peripheral municipalities. This repeats the situation in employment: for example, troubled ag-

ricultural enterprises tend to be headed by women. Legislatures in more advanced regions with substantial resources and higher education levels tend to exclude women: that is characteristic of Tyumen, Tomsk, Novosibirsk, Chelyabinsk, Perm and other regions. No one contests the need for more involvement of women in state and municipal governance and politics in general, but inequality is not diminishing in practice. The overall share of women in regional legislatures remains low (9%) and has not changed in the last three years.

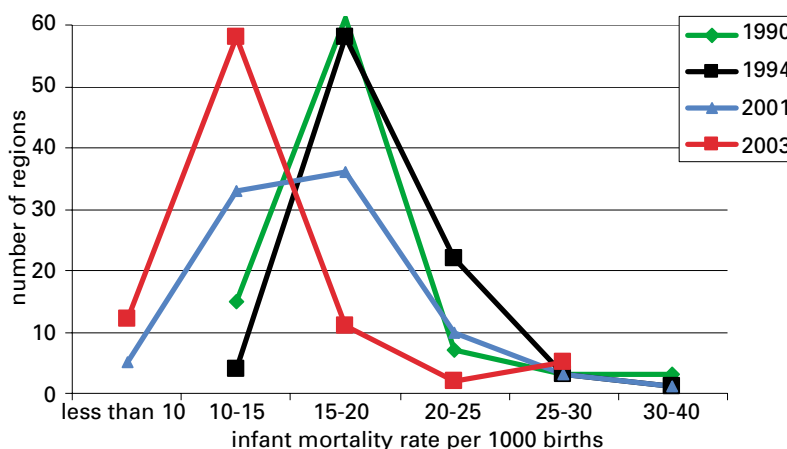
**Goal 4. Reduce child mortality.** Although the infant mortality rate in Russia is still double that in developed countries, trends of this MDG indicator are encouraging. Infant mortality has been in decline since the late 1990s, and in 2003 its level in almost all regions was considerably lower than in Soviet times despite worsening of indicators in the difficult conditions of the 1990s (Figure 8.5). The positive dynamics have a number of reasons: decline of the birth rate has lightened the load on obstetric institutions; and higher use of contraceptives, especially in towns, has reduced the number of unwanted births. Some regions, mainly those which are more economically successful, have introduced progressive mother-and-child policies. For example, the Khanty-Mansi Autonomous Area has introduced compulsory genetic diagnostics of future mothers, and the Samara Region is pursuing a special programme to modernize maternity homes. The infant mortality rate in those regions as well as in Belgorod Region and half of subjects of the North-West Federal District, including St. Petersburg, has fallen to 8-9 per 1000 live births. The positive trend has continued since the Russian birthrate began to grow, because efficiency of infant and child mortality reduction policies in developed regions and towns is supported by higher living standards and more developed healthcare structure.

**Figure 8.4. Distribution of regions by proportion of women in regional legislatures in 2004 (%)**

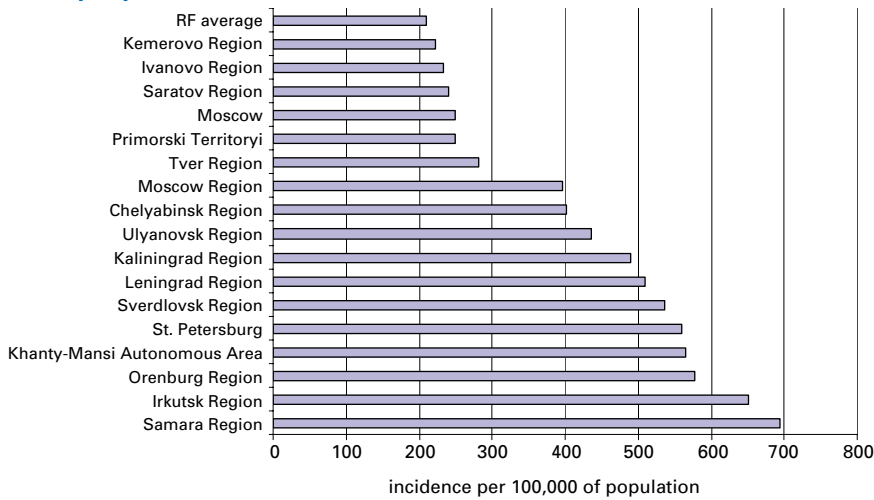


Ethnic regions (traditional homelands of non-Russian national groups) have the highest infant mortality rates, particularly the under-developed regions of Ingushetia and Tyva (27-28 deaths per 1000 births) and autonomous areas of the Extreme North populated by native minorities (20-30 deaths). The problem is not ethnic structure but low levels of economic development. These regions are often characterized by poor diet (lack of calories) among pregnant women (particularly in rural areas where the population lacks a source of livelihood), and inac-

**Figure 8.5. Distribution of regions by infant mortality rate**



**Figure 8.6. Number of officially registered HIV infections in Russian regions, 1987 to January 2005, per 100,000 of population**



According to the Federal Research and Methodological Center for Prevention and Combating AIDS

cessibility of medical care due to shortage of doctors or remote location. Additional investments in health care in less developed regions will not be sufficient to solve this bundle of problems.

**R**egional profile of another MDG indicator, child mortality under five years of age, is close to infant mortality, but is more descriptive of the differences in availability and quality of medical care, and the level of child immunization in regions. Child mortality rates in the one-to-four age range is twice higher among the rural population than among urban population. This gap was widening until 2000 due to reduced access to health-care for the rural population. A positive trend since 2000 is due to increased state allocations and improved prevention, particularly in rural areas.

**H**owever, the success of state intervention in reducing child mortality only emphasizes the failures in addressing the key socio-demographic problem of most regions, which is extremely low life expectancy of males due to the super-high mortality rate among able-

bodied men. In regions of Central Russia life expectancy of men and women differs by 15-17 years. Demographers view male supermortality as the main reason for low indicators of longevity in Russia. Solution of the problem depends on radical changes in people's living standards and way of life rather than on improvement of health care.

**Goal 5. Improve maternal health.** Decline of the maternal mortality rate since the second half of the 1990s (from 50 per 100,000 live-births in 1997 to 32 in 2003) is another positive development. Despite all its social problems, Russia now has a much lower level of maternal mortality than at the end of the Soviet period (47 in 1990), although that is partly due to the reduced birthrate. Regional differentiation is not easy to appraise due to sharp variance of the indicator between years. However, there are consistently high indicators in the Far East, especially its northern part, which has extreme natural and climatic conditions and underdeveloped social infrastructure, and in the less developed republics of Siberia. In 2003 the maternal mortality rate in the worse regions was four times higher than the Russian average (130 per 100,000 births in the Republic of Tyva and the Jewish Autonomous Region). European regions have lower indicators for objective reasons: they have better natural and climatic conditions, and higher density of population and towns, which improves accessibility of health care. However, Moscow has the highest level of health care in Russia, but only slightly better-than-average maternal mortality because maternal health in the capital is damaged by pollution and psychological stresses.

**Goal 6. Combat HIV/AIDS, malaria and other diseases.** Growth of HIV/AIDS infection in Russia was already reviewed in previous Human Development Reports. The

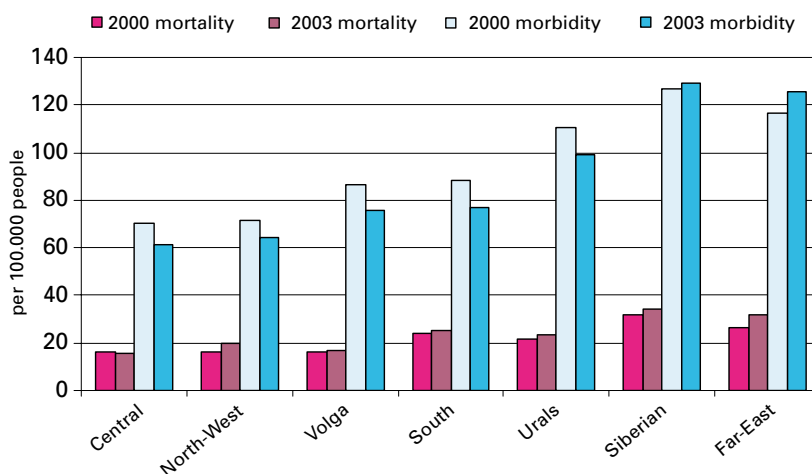


spread of HIV infection began from border “contact zones” (Kaliningrad Region and the Black Sea coast), but since the late 1990s the biggest growth has been recorded in Moscow and St Petersburg, oil- and gas-producing regions and other export regions, towns of the Volga Area, Urals and Siberia with higher household income, and adjacent regions (Figure 8.6). AIDS has turned into a youth disease of “richer” regions due to increasing drug abuse, and although the infection rate has declined since 2002, its spread cannot be curbed by medical or punitive measures alone. Combating the spread of AIDS, like combating male super-mortality, requires positive change in people’s way of life – a long-term target, which is hard to attain.

The MDG uses another indicator – the number of children born to AIDS-infected women. Systematic Russian regional data for this indicator are unavailable, but in general the problem is still less acute than growth of HIV/AIDS infection, although in 2001 in Moscow 0.4% of children were born of infected mothers. Experience in Moscow shows that the morbidity rate can be reduced: as part of the city’s AIDS prevention programme, personnel of all maternity homes are trained to make quick tests, and means of preventing perinatal pathophoresis of AIDS are available at every maternity home. State and civil-society organizations are working to promote a healthy life-style, and more than 10 programmes are underway in the fields of family planning, and combating drugs and AIDS.

Growing incidence of the infectious form of TB has become an acute social problem in the transition period, due to lower standards of living and deterioration of sanitary and epidemiological control. As in the Soviet period, morbidity increases further eastward, peaking in Siberia and the Far East

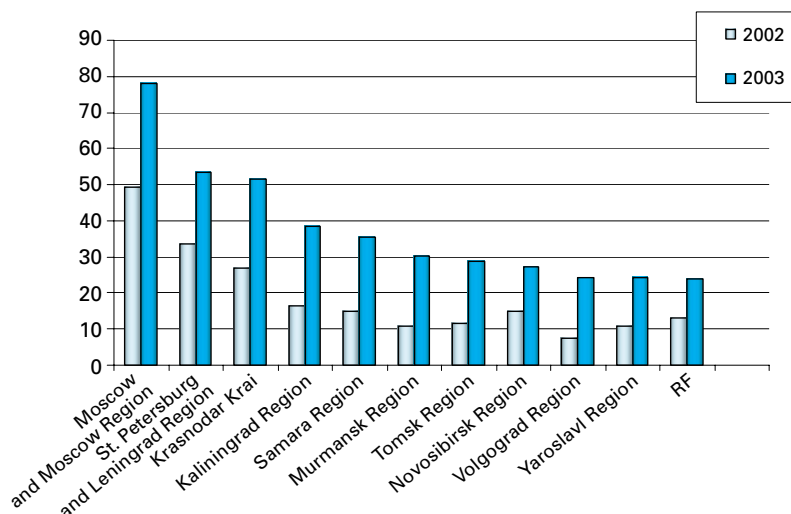
Figure 8.7. TB morbidity and mortality by federal districts, per 100,000 people



where living conditions are much worse and the concentration of penitentiary institutions is highest. The situation is worst in the Republic of Tyva, where the incidence rate is 272 persons per 100,000 due to poverty and degradation of the TB prevention system.

Positive impact of economic growth has made the problem less acute and less widespread in European Russia. Overall morbidity has declined (for new diagnoses) since 2003, but negative trends are continuing in

Figure 8.8. Most advanced regions in terms of cellular communications (coverage, %)



eastern regions due to worse living conditions and unfavorable climate (Figure 8.7). The TB mortality rate in 2000-2003 continued to grow in all federal districts (Russia is divided into seven federal districts), except for the Central District. Tentative data for 2004 suggest that most districts managed to reverse the negative trend, with the exception of the Siberian Federal District. In some RF subjects (Tyva, Jewish Autonomous Region) TB mortality is as high as 60-70 per 100,000 people.

**T**B treatment is ineffective without improvement of people's living conditions and nutrition. The state is obviously under-investing in the fight against TB, and medical institutions are short of resources for medication and outpatient care. High mortality is supported by spread of drug-resistant forms of the disease and late diagnosis.

**Goal 7. Ensure environmental sustainability.** Environmental conditions improved somewhat in Russia in the 1990s due to the slump of industrial production, but this effect was partly offset as many regional economies saw growth of extractive industries and (particularly pollutant) processing industries. The takeoff of economic growth at the end of the 1990s triggered more pollution. The MDG indicator of carbon dioxide emission is not measured by regions, but indicators of atmospheric pollution identify the most ecologically unfavorable regions and cities. Those are the leading industrial regions of Siberia, the Urals, and the European North, and two thirds of the 13 most polluted are in Siberia. Unfortunately, ecological problems and attainment of sustainable development are still of little concern to regional authorities.

**A**vailability of clean water and sanitation can be appraised on the basis of housing amenities, the provision of mains water and sewerage. For Russia in general provision of

mains water and sewerage to urban populations is 2-3 times higher than to rural populations. Regional variance depends on urbanization level and development: e.g. in the Evenki autonomous area, with territory larger than France and population of 18,000, there is no sewerage at all, while in the Ust-Orda autonomous area less than 5% of housing has sewerage. In other less developed areas (Tyva, Komi-Permyak and Nenets Autonomous Areas), less developed republics of the South (Adigeya, Ingushetia, Kalmykia), and regions with perennial investment deficits (Pskov and Chita Regions) running water and sewerage provision is 2-7 times lower than in the most "urbanized" regions of the Center and the North. Usually, regions with weak infrastructure also display lower availability of education, lower income and generally lower human development indices.

**U**nfit housing (slum or dangerous) does not exceed 2-4% of the housing stock in most regions, but there are black spots. The proportion of slum and dangerous housing is particularly high in less-developed regions: a quarter of housing in Dagestan and Komi-Permyak Autonomous Area, and 10-14% in Tyva and autonomous areas of eastern Russia. There are also problems in resource-producing regions, which attracted tens of thousands of immigrants in Soviet times: in Sakhalin, Arkhangelsk and Astrakhan Regions 9-13% of housing is unfit, while in the autonomous areas of Tuymen Region the figure is 8-10%. However, the oil and gas producing areas of Tyumen have resources to address the problem.

**Goal 8. Develop a global partnership for development.** Statistical reporting in Russian regions can give only partial information on three indicators of this Goal. The employment rate among young people in the 17-24 age group can be taken as a measure of

employability of most vulnerable groups. It is found that high demographic burden and low supply of jobs affect the North Caucasus and South Siberia: in Ingushetia youth unemployment is almost total (93%), and it is at high levels of 25-50% elsewhere in these two zones. Northern and eastern regions with relatively young age structure and labor-extensive resource-producing economies also perform badly by these measures: Khanty-Mansi Autonomous Area, Kemerovo and Irkutsk Regions, and almost the whole of the Far East (20-30%). Unemployment among young women is higher, and it grew faster in the crisis period and is declining more slowly in conditions of economic growth compared with young male employment. The problem of youth unemployment has only been solved in Moscow and St Petersburg with their enormous and dynamic labor markets: at 4% it is four times lower in these cities than the national average.

Underdeveloped communications are an inherited problem related to Russia's enormous land expanse. However, progress has been remarkable: supply of fixed telephone lines has doubled in towns and urban areas. Nevertheless, major variance (2.5 times) persists between town and country. Differences in urban telephonisation levels between regions depend on whether a region consists of small and medium-sized towns, which tend to have relatively few telephone lines and generally underdeveloped infrastructure. Hence, the worst situation with telephone communications is in the North Caucasus republics (50-90 telephones per 1000 people in Ingushetia and Dagestan). Supply is also lower in peripheral regions of the Central District and in most regions of Southern Siberia and the Far East. In rural areas provision of telephone communication is crucial for remote regions, so rural indicators in the Far East are among the best in the

country, while the Republics of Dagestan and Tyva, and the Trans-Baikal Area have just 20-50 telephones per 1000 people in rural areas. However, even in the most developed regions no more than 80% of urban households have a stationary telephone, and no more than 30% outside towns.

Cellular networks present a good example of the trend towards growth of information and communication networks in Russian regions. Regional cellular coverage almost doubled in 2003 alone, even accounting for overstated coverage estimates used in the applicable methodology (Figure 8.8). The spread of cellular communications is illustrative of trends in innovation diffusion: innovation is led by Moscow and St Petersburg, and by regions that have cities of over a million inhabitants, networks of higher education institutions, or maritime areas involved in global trade. Residents of the largest and other major cities are quicker to join informational globalization due to their more advanced life style and higher incomes. Small and medium-sized towns are constrained by lower incomes, and the rural population, except in a few southern and suburban areas, remains excluded from the global information space.

## 8.2. REGIONAL DEVELOPMENT: POSITIVE TRENDS AND PROBLEMS

A review of the MDG indicators demonstrates the ambiguity of changes taking place in the regions of Russia. **The positive developments** undoubtedly include rapid growth of new communications and their centrifugal spread. Behavioral modernization and greater state assistance has led to dramatic reduction of infant and maternal mortality. Economic growth has brought about a sharp

decline of the poverty index (relationship of income deficit of the poor to total personal incomes), and a better-off population makes it easier to find financial resources to fight poverty, provided that measures to support low-income people are properly targeted.

**H**owever, positive developments are uneven across territories and often accompanied by intensification of interregional and intraregional MDG differentiation. Despite poverty decline, polarization in terms of income is increasing, particularly in “rich” regions. Child mortality reduction is also more notable in relatively advanced regions, while less developed republics and autonomous areas are lagging further behind. Decline in incidence of infectious TB started in 2003, but only in regions with better conditions and lower morbidity, while the most troubled eastern regions still show a negative trend.

**C**ertain MDG indicators for Russia suggest **entrenched disproportions**: wage disparity between the genders is showing almost no change despite relative gender equality in employment (with women doing less demanding jobs). The gender disparity in wages is especially strong in resource-producing regions, which have become the basis of the national economy. Political representation of women also remains extremely low, and it is also minimal in more advanced regions, except for the capital. The problem is made worse by the fact that economically strong regions lead gender inequality, and women’s rising education level has not yet provided a solution because the country is mainly dependent on raw-material production.

**N**egative dynamics relate to the nature of economic growth in Russia and acute investment deficit. Industrial growth has been accompanied by increased pollution, also led by stronger resource-exporting regions. The

problems of under-developed utilities infrastructure are still most acute in less developed regions, which have no resources to address them, while problems related to low quality of housing are significant both in less developed and in some newly developed regions which suffer from the legacy of Soviet industrial priorities. Besides, TB mortality continues to grow in almost all federal districts.

**D**uring the transition period Russia has developed several types of regions, with different sets of social development problems. Such break-down by types is only conventional, but it can be carried out with the help of the MDG indicators.

1. **The capital and, in part, Russia’s major cities** - high rate of information advancement, mitigated gender inequality in incomes and better youth access to the labor market, relatively low infant and maternal mortality, best housing amenities, but considerable problems related to spread of HIV/AIDS and strong income polarization.

2. **More advanced exporting regions** – medium poverty level, positive infant and maternal mortality dynamics, accelerated development of information communications, but acute ecological problems, strong polarization of income, maximum gender inequality, problems with access of young people to employment and AIDS.

3. **“Middle-of-the-road zone”** - a motley group including half of the country’s regions which are generally experiencing less rapid positive changes, have medium indicators of poverty and income inequality, including gender, less acute pollution problems, retarded information and communications growth, except for regions bordering on major agglomerations and areas on the national border. By some MDG indicators this large group splits into eastern regions with higher pollution and TB morbidity, southern regions with worse utilities and a more acute youth

employment problem, border port regions with higher AIDS incidence, and depressed regions with higher poverty (Chita, Kurgan and Ivanovo).

**4. Less developed republics in the European South** - acutest labor problems, especially for young people, high statistical poverty mitigated by inter-household transfers and unaccountable income from labor migration and informal employment. Housing amenities have improved due to informal income and federal aid, while infant and maternal mortality has reduced in most such regions to the level of "the middle-of-the-road zone". The southern republics have less problems with spread of HIV/AIDS and the best ecological situation. However, this group is heterogeneous too, with the worst MDG indicators registered by Ingushetia, Dagestan and Kalmykia.

**5. Less developed autonomous areas and republics of Siberia and Far East, Komi-Permyak autonomous Area** – a zone of entrenched problems with high poverty level and poverty-based gender alignment, maximum infant and maternal mortality, TB incidence, acute youth employment problem, underdeveloped communications, poor amenities and highly depreciated housing. These regions have more female representation in government and the legislature.

The ethnic factor is not decisive: republics and autonomous areas are represented in all of the above types of regions, and show major difference between their human development indices. Lack of social modernization in less developed regions is an obstacle to efficient use of increasing federal aid. The MDG indicators also show that the social price of economic growth in export regions is consistently high, and only Moscow and St Petersburg are experiencing dynamic and comprehensive improvement of MDG indicators.

Social strategies of the state in the crisis-stricken 1990s were weak and inadequate to counter growing regional disproportions. Economic growth has given the government a chance to step up redistribution policies for the benefit of the most disadvantaged regions. Average growth rate of real monetary income in less developed regions in 1999-2003 was higher than in better developed export regions: 167% and 162%, respectively. However, the alignment strategy was not accompanied by stimulation of internal sources of development in less developed regions, encouraging growth of dependency. Increased redistribution of tax proceeds for the benefit of the federal budget has made it harder for stronger regions to address numerous social problems identified by the MDG indicators, while middle-of-the-road regions have become more dependent on the federal budget.

These negative outcomes are made worse by weaker feedback between the federal center and the regions in recent years. Federal authorities tend to take decisions without consulting the regions, and analysis of regional development usually relies on economic indicators, which are insufficient for decision-making. Management decisions cannot be taken without proper regard for the complexity and diversity of Russia's social space, and human development and MDG realization is being slowed down.

### 8.3. HUMAN DEVELOPMENT INDEX

Contrasts in regional growth are described by the Human Development Index (HDI) (Table 8.1). Moscow was put into second place for the first time ever in 2002, by Tyumen Region. That was not only due to population increase in Moscow, as

reported by the 2002 census, with negative impact on per-capita income indicators, but also to economic growth in Tyumen's autonomous areas due to higher oil prices and economic recovery. Russia has thus started to resemble Kazakhstan, where oil producing regions rank first. However, the oil and gas regions in both countries are open economic systems and a considerable part of oil- and gas-production income is redistributed, so real living standards in the capital are higher than in Tyumen. Standard HDI methodology does not take account of these peculiarities, since it is designed for comparison between countries.

**M**oscow and Tyumen Region are currently the only Russian regions, which meet HDI levels of developed countries (HDI over 0.800). Another 12 regions have HDI above the national average. Half of these are European Russian subjects with more balanced income, education and longevity indicators, and the rest are resource-producing regions of the North and East, which have benefited from growth of their gross regional product.<sup>1</sup> The "middle-of-the-road" zone has become even larger: the index is less than 5% below the average Russian indicator in 50 regions. The gap of less developed regions has decreased substantially: in 2001 five regions had indices below 0.700, while in 2002 this was only true of the Republics of Ingushetia and Tyva (the latter has HDI close to that of Tajikistan).

**T**he position of regions in the rating was influenced by trends of some indicators, especially growth of regional product in oil-producing regions. Further decline of life expectancy has aggravated the situation in some regions of the North-West and the Center, with Kaliningrad and Vladimir Regions suffering the biggest slump. Educational coverage of children and young people of 7-24

years continues to grow practically everywhere, with the exception of Ingushetia. Moscow and St Petersburg remain the leaders since their educational institutions also give education to residents from other regions: educational coverage in these cities exceeds 87% of the population aged 7-24. Lower levels of education in regions adjacent to Moscow and St. Petersburg are because many young people commute to the neighboring cities for their studies.

### 8.4. ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS: DEVELOPMENT VARIANTS

**I**n the past 15 years Russia has never come up with a regional development strategy. Instead, it has had numerous targeted federal programmes, which simply dispersed resources, were poorly financed and poorly executed. In recent years the number of such programmes has been sharply reduced in order to focus efforts on the most troubled parts of Russia – the South, Far East and Kaliningrad Region. However, quality of programme execution shows little improvement. The Government is now tending to replace regional policy by mere redistribution of financial resources. Reforms are dictated from the top, and experience of the most advanced regions attracts little attention. This strategy aggravates management risks and leads to misuse of federal and regional resources. The country is still in search of an optimal strategy combination, which would support weak territories and sustain regions that are the engines of economic growth.

**T**he range of possible future scenarios for regional development is not broad, and a qualitative comparison can be made.



**L**arge-scale redistribution. This is conducive to better MDG indicators in less developed regions in the short-term, with most impact on extreme poverty and income inequality. However, in the longer term it will lead to rising costs and declining impact, encourage dependency culture in weak regions, and increase the number of regions in need of support. This is a dead-end course, because it does not help backward regions to generate their own growth mechanisms. Increased redistribution is also sure to lead to accumulation of unresolved social problems in more developed regions, especially in the North and East.

**A**dministrative and territorial transformation policies (enlargement, creating new management levels) to achieve targets of social and economic equality. This apparently simple mechanism will have artificial results. The range of MDG regional indicator differences is sure to reduce, but socio-economic disproportions will merely be concealed inside the enlarged regions. A real alignment effect will not be attained since center-periphery inequality in Russia re-produces itself at various levels, financial and human resources will be attracted to a smaller number of centers, and internal polarization will grow. Reorganization of management of existing territorial systems is sure to create additional problems. This mechanism is only acceptable for merger of less developed autonomous areas (usually ethnic), which have sparse population and no resources for independent development, into the regions of which they are a part. However, even in these cases there needs to be support for the indigenous population as regards employment, education, healthcare and national culture, and the regions, which merge the areas, may not be able to afford that. Without financial support from the federal center, this amalgamation policy could aggravate growth problems in the enlarged regions.

**R**eliance on “growth centers” that emerge naturally is the most effective long-term regional policy pursued by all catch-up growth countries. In an initial phase it inevitably leads to growth of regional inequality, but later the spatial diffusion of positive socio-economic change into adjacent territories can be actively stimulated by regional policy. Support for less developed regions is preserved, but its dependence on performance of regional government is increased. This can be done using a socio-economic monitoring system, such as that offered by the MDG indicators.

**D**evelopments in recent years have demonstrated that the country is generating several varied “growth centers”. These are the Moscow and St Petersburg agglomerations, other major agglomerations (Samara, Nizhny Novgorod and, in prospect, Novosibirsk), more advanced resource-producing regions with high human potential (Khanty-Mansi Autonomous Area, Belgorod, Perm, Tomsk regions and other RF subjects), and “contact zones” for globalization (maritime transborder areas with substantial foreign trade and growing investments, including Leningrad Region, Krasnodar Territory and, in prospect Kaliningrad Region). These regions could target accelerated attainment of the MDG indicators for Russia.

## 8.5. MONITORING MDG PROGRESS AND REQUIRED CONDITIONS

**M**onitoring at the regional level requires some changes to the MDG indicators themselves and changes to Russian indicators. As pointed out previously, only 17-18 of the 48 MDG indicators coincide or are close to Russian regional statistical indicators and can be applied with-out change. Adaptation of the

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### Table 8.1. Human Development Index in 2002

	IRP, USD to PPP	Income index	Life expectancy, years	Longevity index	Literacy	Share of students in the age range of 7–24, %	Education index	HDI	Rating
Russian Federation	7926	0,730	64,82	0,664	99,0	73,5	0,905	0,766	
Tyumen Region	38411	0,993	66,87	0,698	99,2	73,9	0,908	0,866	1
Moscow	17929	0,866	67,43	0,707	99,7	89,9	0,964	0,846	2
Republic of Tatarstan	9707	0,764	67,55	0,709	99,0	78,2	0,921	0,798	3
St. Petersburg	8850	0,748	66,41	0,690	99,8	86,6	0,954	0,798	4
Republic of Sakha (Yakutia)	10002	0,769	64,81	0,664	99,0	78,0	0,920	0,784	5
Lipetsk Region	8388	0,739	66,34	0,689	98,4	73,8	0,902	0,777	6
Samara Region	8277	0,737	65,50	0,675	99,2	76,8	0,917	0,776	7
Magadan Region	8061	0,733	65,75	0,679	99,6	75,7	0,916	0,776	8
Tomsk Region	8898	0,749	64,83	0,664	98,9	76,7	0,915	0,776	9
Republic of Bashkortostan	7492	0,720	66,08	0,685	98,8	77,5	0,917	0,774	10
Chukotka Autonomous Area	9770	0,765	65,43	0,674	99,4	65,9	0,882	0,774	11
Republic of Komi	9495	0,760	63,39	0,640	99,2	74,9	0,911	0,770	12
Belgorod Region	6102	0,686	67,53	0,709	98,6	75,1	0,908	0,768	13
Orel Region	6523	0,697	65,50	0,675	98,9	80,8	0,929	0,767	14
Vologda Region	8463	0,741	63,77	0,646	98,8	73,1	0,902	0,763	15
Udmurt Republic	7174	0,713	64,34	0,656	99,0	76,9	0,916	0,762	16
Republic of Kalmykia	6071	0,685	65,79	0,680	98,2	78,9	0,918	0,761	17
Novosibirsk Region	5802	0,678	65,80	0,680	98,8	79,7	0,924	0,761	18
Krasnoyarsk Territory	8438	0,740	63,37	0,640	99,0	71,8	0,899	0,760	19
Yaroslavl Region	8307	0,738	63,34	0,639	99,2	71,9	0,901	0,759	20
Omsk Region	5989	0,683	66,09	0,685	98,7	74,7	0,907	0,758	21
Nizhny Novgorod Region	7179	0,713	64,45	0,658	98,9	73,2	0,903	0,758	22
Orenburg Region	6461	0,696	65,10	0,668	98,9	75,1	0,910	0,758	23
Chelyabinsk Region	6527	0,697	64,75	0,663	99,1	75,2	0,911	0,757	24
Perm Region	7816	0,728	62,97	0,633	98,9	73,2	0,903	0,755	25
Krasnodar Territory	5936	0,682	66,80	0,697	99,0	66,2	0,881	0,753	26
Voronezh Region	4933	0,651	66,07	0,685	98,3	79,2	0,919	0,752	27
Murmansk Region	6018	0,684	65,58	0,676	99,6	68,0	0,891	0,750	28
Volgograd Region	5567	0,671	66,19	0,687	98,9	70,1	0,893	0,750	29
Ryazan Region	6124	0,687	64,21	0,654	98,7	75,3	0,909	0,750	30
Saratov Region	5112	0,657	65,80	0,680	99,2	75,1	0,912	0,749	31
Sakhalin Region	7557	0,722	62,84	0,631	99,4	69,9	0,896	0,749	32
Sverdlovsk Region	6437	0,695	64,10	0,652	99,2	71,8	0,901	0,749	33
Kursk Region	4967	0,652	65,34	0,672	98,5	79,8	0,923	0,749	34
Arkhangelsk Region	6798	0,704	63,26	0,638	99,2	72,9	0,904	0,749	35
Khabarovsk Territory	6428	0,695	62,60	0,627	99,5	77,2	0,921	0,747	36

Astrakhan Region	5758	0,676	65,16	0,669	98,6	71,6	0,896	0,747	37
Chuvash Republic	4292	0,627	66,05	0,684	99,0	81,0	0,930	0,747	38
Republic of Karelia	6807	0,704	62,20	0,620	99,2	75,2	0,912	0,745	39
Moscow Region	6627	0,700	64,89	0,665	99,6	60,5	0,866	0,743	40
Rostov Region	4572	0,638	66,23	0,687	99,1	72,0	0,901	0,742	41
Irkutsk Region	6685	0,701	61,51	0,609	99,1	75,2	0,911	0,740	42
Republic of North Ossetia (Alania)	3441	0,591	69,11	0,735	99,1	70,1	0,894	0,740	43
Kamchatka Region	5132	0,657	64,61	0,660	99,7	71,2	0,902	0,740	44
Tambov Region	4657	0,641	65,34	0,672	98,1	74,6	0,903	0,739	45
Penza Region	4178	0,623	66,01	0,684	98,4	76,1	0,910	0,739	46
Ulyanovsk Region	4621	0,640	65,29	0,672	98,6	74,1	0,904	0,739	47
Republic of Mordovia	3580	0,597	66,72	0,695	97,9	80,3	0,920	0,738	48
Tula Region	5897	0,680	62,94	0,632	99,1	70,9	0,897	0,737	49
Republic of Karachai-Cherkessia	3540	0,595	69,21	0,737	98,4	66,2	0,877	0,736	50
Smolensk Region	6121	0,687	61,96	0,616	98,9	72,7	0,902	0,735	51
Kemerovo Region	6027	0,684	62,41	0,624	98,9	70,8	0,895	0,734	52
Republic of Kabardino-Balkaria	3980	0,615	68,31	0,722	98,8	62,2	0,866	0,734	53
Novgorod Region	5798	0,678	61,86	0,614	98,9	75,3	0,910	0,734	54
Stavropol Territory	4045	0,618	67,00	0,700	98,6	68,1	0,884	0,734	55
Kaluga Region	4961	0,652	64,26	0,654	99,2	70,2	0,895	0,734	56
Kirov Region	4618	0,640	64,38	0,656	98,4	74,2	0,903	0,733	57
Leningrad Region	7688	0,725	61,82	0,614	99,5	57,3	0,854	0,731	58
Republic of Khakassia	5054	0,655	62,41	0,624	98,8	76,7	0,914	0,731	59
Primorsky Territory	4607	0,639	64,07	0,651	99,5	71,2	0,901	0,730	60
Amur Region	5397	0,666	62,20	0,620	99,3	72,7	0,904	0,730	61
Vladimir Region	5084	0,656	62,79	0,630	99,4	71,8	0,902	0,729	62
Altai Territory	4135	0,621	65,66	0,678	98,2	69,9	0,888	0,729	63
Kostroma Region	5064	0,655	62,88	0,631	98,8	72,0	0,899	0,728	64
Bryansk Region	4093	0,620	64,07	0,651	98,6	74,9	0,907	0,726	65
Republic of Dagestan	2633	0,546	71,43	0,774	98,4	60,4	0,857	0,726	66
Kurgan Region	3952	0,614	64,47	0,658	98,4	73,5	0,901	0,724	67
Republic of Adygeiya	2631	0,546	68,76	0,729	98,7	71,1	0,895	0,723	68
Tver Region	5056	0,655	61,52	0,609	99,1	73,5	0,906	0,723	69
Kaliningrad Region	5393	0,666	62,29	0,622	99,4	65,2	0,880	0,722	70
Republic of Buryatia	4940	0,651	62,13	0,619	98,8	71,4	0,897	0,722	71
Republic of Marii El	3562	0,596	64,01	0,650	98,8	76,8	0,915	0,720	72
Pskov Region	4544	0,637	61,09	0,602	98,9	72,6	0,901	0,713	73
Republic of Altai	3976	0,615	61,32	0,605	98,3	76,6	0,911	0,710	74
Ivanovo Region	3306	0,584	62,12	0,619	99,3	77,3	0,920	0,707	75
Chita Region	4166	0,622	61,01	0,600	98,8	67,6	0,884	0,702	76
Jewish Autonomous Region	3731	0,604	61,60	0,610	99,1	69,5	0,892	0,702	77
Republic of Ingushetia	1031	0,389	74,82	0,830	96,2	37,8*	0,767	0,662	78
Republic of Tyva	2655	0,547	55,04	0,501	99,1	73,1	0,904	0,651	79

\* Most young people study outside the Republic

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MDG indicators at the regional level and expansion of state statistics are possible along the following lines:

- development and regular measurement of the extreme poverty level in regions in accordance with international methodologies;
- publishing regional infant mortality data under five years of age, to gain a better idea of differences in availability of medical care and to supplement infant mortality indicators, which have strong annual variance;
- supplementing MDG monitoring with an indicator of life expectancy (a key concern for health and social development in Russia), which would offer the most accurate measure of adult health in regions;
- publishing maternal mortality statistics;
- annually publishing regional TB mortality data;
- annual surveys by relevant Government departments of children's nutrition and health (weight deficit, immunization, etc.) in regions, making the statistics generally available;
- setting up an open database on the global partnership goals (debt sustainability, non-discriminatory access to markets, scope and trends of foreign aid) in collaboration with the Ministry of Economic Development and Trade and regional authorities;
- collaboration of state statistical bodies with commercial organizations and agencies measuring coverage of the regional population with modern communications, including Internet and cellular communications, promoting improved measurement methods.

### 8.6. CONCLUSIONS AND RECOMMENDATIONS

**W**e can identify the key axes of spatial differentiation, which Russia inherited from

the past and which have been complemented by development factors in the transition period:

- the basic Russian inequality between the center and the periphery most strongly manifested in the processes of modernization and income concentration;
- differences, emerging in the transitional period and aggravating the spatial economic inequality, between "open" regions included in the global economy, and "closed" regions, excluded from the global economy;
- the historic "West-East" differences between more developed and densely populated European regions and newly-developed eastern regions with inferior living conditions;
- the "North-South" urbanization differences most conspicuous in amenity provision, although this inequality has started to decrease during the transition period; and
- ethnic differences, which, however, are not the leading factor in regional inequality.

**T**hese territorial differences are very stable, and their combination gives a mosaic regional pattern in development of HDI and MDG indicators. Despite economic growth, the regional disproportions of most indicators are not decreasing in the new century, since higher-paid jobs, new information technologies, quality education and medical assistance are all more available in big cities and export-economy regions.

**A**nalysis of the MDG indicators makes it possible to identify the acutest problems in different types of region and generate key tasks that must be fulfilled for attainment of the Millennium Development Goals. The social situation in regions differs, so quantitative indicators for the entire country need be complemented with a choice of development priorities (social, gender, ecological, etc.) and indicator forecasts for specific regions and types of region.

Assessment of the quality of public services and governance should be based on monitoring that includes various indicators required for managerial decision-making. First, there are the MDG indicators, which can be ranged based on different prioritization of problems in different regions. Second, to evaluate the quality of management we need to make broader use of the key integral indicators of regions' socio-economic development, including the Human Development Index. Third, the MDG indicators can be included among indicators that reflect on efficiency of the budget planning system (its ability to secure results). A paramount role belongs to quality, transparency and availability of information about the MDG indicators, so more open decision-making is required.

Attainment of the MDG forecasts requires a coherently structured regional policy, but it also requires action to influence peo-

ple's value criteria and way of life. That can be achieved by support for strong regions and export of their experience in managing social development to other less successful regions. This requires stronger horizontal ties between regions, and not just strong vertical power.

The role of civil society in regions can only grow if independence and responsibility of regional governments increases and non-commercial organizations are brought into the system of social services. Unless that happens, many MDG indicators are either hard to attain or their attainment requires excessive state expenditures to ensure sustainable development. Equal opportunities in access to social amenities, more efficient disbursement of funds in regions and reduction of corruption can only be attained under joint control of regional and local legislatures and civil society.

<sup>1</sup> The fact that the Chukotka Autonomous Area and Magadan Region have entered this group reflects clear un-derestimation of the price of living in the North-East of Russia by the Federal State Statistics Service, when calculating the indicator for a fixed set of goods and services; this indicator is used as the domestic rouble-purchasing-power-parity indicator in calculation of the income index.

#### **Box 8.1. Programme of Economic and Social Development in the North Caucasus**

The history and present of the North Caucasus are associated by many people with continuing instability, conflicts, numerous refugees and growing poverty. For more than 10 years the UN has carried out humanitarian operations in the region aimed at providing aid to refugees, internally displaced persons and others. This period has seen major food aid, housing reconstruction, restoration of medical services, education, etc.

The events of the summer and autumn 2004, including an attack by militants in Ingushetia, destruction of two civilian airliners and hostage taking at a school in Beslan (North Ossetia-Alania) demonstrated the need for new approaches to regional problems and security provision.

The difficult economic situation, high unemployment rate, underdeveloped or destroyed social infrastructure are among key reasons of persisting instability, high level of criminal activity, recruitment of new militants, decline of living standards and quality of life as well as ethnic conflicts.

UN agencies and NGOs operating in the Caucasus (mainly carrying out humanitarian missions in the Chechen Republic, Ingushetia and North Ossetia-Alania) are aware of the urgent needs for serious efforts to foster economic and social development and create new jobs in the region.

The need for transition from humanitarian relief to

promoting socio-economic development was confirmed during meetings between representatives of several UN agencies and the Chechen Government in Grozny and the Government of Ingushetia in Magas in April 2005, and in the course of further contacts at different levels, from federal to local.

This view of the problem was demonstrated during the "High-level Dialogue on Human Security in the North Caucasus" with participation of the RF Commissioner for Human Rights Mr. V. Lukin and the Chairman of the UN Commission on Human Security Ms. S. Ogata on April 27, 2005 in Moscow.

In summer 2004, in order to assess the situation, a mission to the North Caucasus was dispatched including representatives of several agencies led by UNDP as well as the Swiss Agency for Development and Cooperation (SDC), Danish Refugee Council (DRC) and UN High Commission for Refugees (UNHCR). Based on the mission results it was concluded that considerable potential for recovery and growth exists in both republics.

The policy of the Government of the Russian Federation is aimed at fostering integration in North Ossetia and Ingushetia, and the integration process is supported by the international community. Creating economic opportunities, hopes for a better future and a social approach may improve conditions, which could otherwise degenerate into violence and terrorism.

Based on recommendations of the UN mission, in late 2004 the Programme for Sustainable Reintegration and Recovery in the North Caucasus was launched in North Ossetia-Alania and Ingushetia as pilot regions to develop methods and tools for implementation of similar programmes in other republics of the North Caucasus. The Programme activities should complement and facilitate implementation of federal and regional programmes for socio-economic development in the region.

The key Programme activities should be focused on promoting entrepreneurship, small business development, and creating new jobs. Economic well-being should become the key factor and the driving force of economic recovery and poverty alleviation. The Programme envisages implementing projects in the area of local governance development, financial system, entrepreneurship, support of small and medium enterprises, agricultural production and processing industries.

In view of the complex political and economic situation in the North Caucasus and unappealing conditions for private investments, development of entrepreneurship seems to be the most promising and efficient tool for socio-economic growth in the region. The following activities are envisaged by the Programme:

- implementation of a "Start and Improve Your Business" training/education programme for beginner entrepreneurs in cooperation with economy ministries and employment services of the republics;
- capacity building activities aimed at strengthening capacity of local government and beneficiaries to assess, plan and address integration and poverty reduction needs;
- supporting/preparing microfinancing and revolving credits for businesses programmes;
- supporting establishment/development of leasing and leasing companies;
- supporting projects in agriculture and agribusiness;

- assisting employment agencies in training improvement;
- supporting all kinds of non-government business associations, small businesses, etc.

In late 2004 a new UNDP office opened in Vladikavkaz and launched the Programme. Several small-scale projects (mainly humanitarian) have been implemented or are in the process of implementation in six selected pilot areas – three in Ingushetia and three in North Ossetia-Alania. In parallel, Russian and foreign experts are carrying out an analysis of the current economic situation and preparing specific recommendations and target projects to meet the Programme challenges.

The key objective of the Programme is to prepare a comprehensive three-year strategy of rehabilitation and economic development tailored to local conditions. The strategy is to be implemented in the context of the changing socio-economic and political situation in the North Caucasus and Russia as a whole. This situation is unlike those existing in other countries implementing recovery programmes. Russia is a member of G8 having both human and financial resources to carry out and support the process of stabilization and development in the North Caucasus. On the other hand, there are certain problems due to the current operational environment: constant rotation of officials responsible for recovery programmes at federal and local government levels in Ingushetia and North Ossetia; widespread corrupt practices (as pointed out in the recent report of the Russian Government on corruption in Chechnya), incessant instability and violence.

The UN and UNDP in particular should come up with a platform for developing a comprehensive and integrated strategy of recovery and economic development in North Ossetia and Ingushetia, which would clearly outline the roles and responsibilities of all participants (donors, governments, UN, NGO and beneficiaries). It should set out the input of each participant to positive changes in terms of financial, administrative and human resources.

**K.B. Koulaev**



## Appendix 8.1

**Table. Differentiation of adjusted MDG indicators by RF subjects (2003 data)**

Item No.	MDG indicator	RF average	Indicators of RF subjects		Adjusted indicator
			maximum	minimum	
Goal 1. Reduce extreme poverty and hunger					
1	Share of population with a daily income of less than USD 1 (PPP)	n/a	n/a	n/a	The share of population with an income below half of the subsistence minimum
2	Poverty depth ratio (ratio of poverty gap to the total monetary income of region's population), %	1.0	20	0.2	
3	The poorest quintile proportion (20 % of population) in income, %	5.6	7.8	2.5	
Goal 3. Promote gender equality and empower women					
4	The proportion of women in non-agricultural wage employment, %	estimate	estimate	estimate	Special estimates, %
5	The proportion of women in regional parliaments, %	9	40	0	
Goal 4. Reduce child mortality					
6	Child mortality under five	1 5	36	10	
7	Infant mortality	12	28	8	
Goal 5. Improve maternal health					
8	Maternal mortality	32	133	0	
Goal 6. Combat HIV/AIDS, malaria and other diseases					
9	Infectious TB morbidity per 100,000 people	83	272	35	
10	TB mortality per 100,000 people	22	65	6	
Goal 7. Ensure environmental stability					
11	Proportion of forest territory	45	80	0,0	
12	Proportion of conservation zones	2	14	0	
13	Proportion of people with stable access to the sources of quality potable water	74	100	0	Proportion of housing stock provided with mains water,%
14	Proportion of urban population having access to sewerage	70	100	0	Proportion of housing stock provided with sewerage, %
15	Proportion of households with adequate housing	3	26	0,4	Proportion of dilapidated or dangerous housing stock ,%
Goal 8. Develop a global partnership for development					
16	Unemployment rate in the of 15-24 age group	17	93	3	Special estimates, %
17	Number of stationary telephones per 1000 people, town/village	240/97	334/220	47/24	
18	Number of cellular phones per 1000 people	25	78	0,1	Cellular communication coverage, %



# The role of civil society in achieving the MDGs in the context of the Russian Federation

## 9.1. CIVIL SOCIETY: WIDENING ITS ROLE IN DESIGN OF ANTI-POVERTY POLICY

The Millennium Development Goals serve as a reference point in Russia and worldwide for a great variety of civil society organizations – social initiative groups and professional associations, women’s groups and alliances of non-governmental organizations (NGO) – which are working hard to achieve all of the eight goals and, most of all, the overriding goal of reducing poverty.<sup>1</sup>

Significant growth of participation by civil society organizations at the international, national and local levels in adoption and implementation of global decisions makes the importance of such

### Civil society organizations have a decisive role to play in promoting the fight against poverty.

organizations in achieving the development goals self-evident. The Millennium Declaration formulated basic conditions for achieving the development goals and emphasized the overwhelmingly important role, which the UN assigns to civil society as a key partner of governments that assumed responsibility for MDG implementation. The Declaration stresses control, based on wide participation and popular will, as the basic condition for achieving the Development Goals.<sup>2</sup>

Civil society organizations have a decisive role to play in promoting the fight against poverty. Civil society is not only an indispensable partner in

rendering services to the poor at the level required by the Development Goals set out in the Millennium Declaration, but can also promote activities inside countries, raising urgent issues in field development, carrying out mass mobilization and pressing from below to force responsible fulfillment of promises by political leaders.<sup>3</sup>

A global strategy on the scale of the MDG can only be implemented at a national level if favorable conditions and mechanisms are in place to ensure:

- a better awareness of people about the MDG;
- dialogue and partnership between civil society institutions and governments;
- mobilization of public resources to cope with local problems in the MDG context.

Success in achieving the Goals directly depends on the degree of people’s involvement in the process. Assuming responsibility for fulfillment of the MDG obligations, the government has to make attainment of the goals a truly nationwide affair. At the same time, citizens, as responsible members of their society, should take their civil duties seriously and do their best to help achieve the goals.

The UN places main responsibility for implementing measures to achieve obligations under the first seven goals (primarily eradication of poverty) on countries with medium levels of development, i.e. such countries as Russia. This confirms the essential importance of civil society organizations, because such countries will have to finance MDG activities from their own resources,

which civil society organizations can help to generate. The international partnership mechanism (Goal 8) is only implemented on the assumption of funding by countries from their own resources

Acknowledging civil society as a key partner of governments at all levels of activity, the UN recommends several basic functions of civil society organizations. Successful fulfillment of these functions will help achievement of the development goal, primarily as regards the fight against poverty. The functions include:

- participation of NGOs in developing national strategies for achievement of the development goals;
- participation of NGOs and public organizations in rendering services to people; and
- monitoring fulfillment of commitments by governments.<sup>4</sup>

In Russia, as the Human Development Report 2003 points out, these roles, which are characteristic of civil society, “are taking root only gradually, with governments continuing to dominate decision-making and implementation”. In a general sense, the state, undoubtedly, bears responsibility for ensuring implementation of its obligations. However, non-governmental non-commercial organizations (NGOs), representing a wide cross-section of society, have powerful resource potential and can render significant assistance in achieving the Millennium Development Goals and in implementation of social and economic processes and of democratic reforms.

Development of any modern society, including Russia, will be increasingly determined by the action of people. Man is becoming the main subject and object of social development. In developed countries civil-society organizations (voluntary organizations) have been a potent factor for improving people’s quality of life and coping with acute problems. Greater involvement of ordinary people in implementation of social policy makes society stronger and better consolidated.

Human development is about people, about expanding their choices to live full, creative lives with freedom and dignity... Fundamental to expanding human choices is building human capabilities: the range of things that people can be. The most basic capabilities for human development are living a long and healthy life, being educated, having a decent standard of living and enjoying political and civil freedoms to participate in the life of one’s community.

Extract from “Human Development Report 2003”.

The coordinated action system, proposed by the UN, aims to cope simultaneously with a wide range of closely interrelated problems.<sup>5</sup> What this means in practice is that achievement of targets within the framework of one MDG will also be instrumental in achieving targets of other MDGs and obtaining greater results. For example, measures to achieve the main development goal, i.e. reduction of poverty, help to cope with the AIDS problem (Goal 6), reduce child mortality (Goal 4), and improve maternal health (Goal 5), etc.

The unique nature of civil society organizations, most of which are based, by definition, on voluntary efforts of people, allows them to use the coordinated action system for increment of social capital via synergy effects, which arise from use of information networks and communication channels.

However, social capital is often hard to measure, so the system of indicators reflecting real participation and contribution of NGOs in achieving the MDGs should include indicators that make

**Use of the Goals as a uniting idea should serve as a catalyst to build strong partner relationships between civil society, state authorities and business, and to promote fullest possible realization of NGO potential, ultimately enhancing human development and the results of social and economic reforms, as well as strengthening trust between government and society.**

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it possible to ascertain social capital increment. Trends in NGO involvement and the degree of social participation in NGO activity (both paid and voluntary) are obvious examples of such indicators. It is reasonable to suggest that the level of development of civil society depends directly on the degree of people's involvement in socially-useful activity on a voluntary basis, so the indicators will serve to reflect trends in development of civil society.

Use of the Goals as a unifying idea should serve as a catalyst to build strong partner relationships between civil society, state authorities and business, and to promote fullest possible realization of NGO potential, ultimately enhancing human development and the results of social and economic reforms, as well as strengthening trust between government and society. This creates a new mechanism where state social policy is implemented with participation of society itself, creating a framework for contractual relations between public authorities and civil society organizations with definite obligations for both sides.

### 9.2. RUSSIA AT A NEW STAGE OF REFORMS AND BUILDING CIVIL SOCIETY

Russia's "Medium-term Socio-economic Development Programme up to 2004", which preceded the latest programme up to 2008, refers to "**unlocking of society's potential; social consol-**

**idation and public support for the Government's goals and actions.**" In order to achieve these objectives and support civil society development in the framework of targets set out by the President of Russia, the Government plans to implement a package of target-oriented legislative and organizational initiatives in the period from 2005 to 2008<sup>6</sup> to enhance NGO efficiency.

A new model for management of state social policy depends on promoting self-organization of society, and on diversification of social services with assistance from a developing non-state sector. For the first time, it has been officially acknowledged that the outcome of structural socio-economic changes depends directly on the level of society's participation and support for actions by Government. Raising welfare and creating decent living standards in Russia depend directly on consolidation of society for achievement of national goals. Internal resource mobilization and enhancement of society's potential acquire special social and political importance.

**MDG+ strategy in the Russian context.** A comparison of the Development Goals and the national objectives of the Russian Federation, which have been promulgated in policy statements and addresses by the President of Russia (poverty reduction, doubling of GDP)<sup>7</sup> and in Russian Government action plans, show that the Goals and Russia's own objectives are alike in many ways,<sup>8</sup> as confirmed by the authors' analysis in previous Chapters of this Report. According to UN recommendations for countries with medium development levels, a preferable development policy for Russia is implementation of the MDG+ strategy, by which MDG implementation targets should be integrated into implementation of nationwide targets, with due linkage to budget planning for medium- and long-term socio-economic development strategies.

Involvement of citizens in achieving socio-economic goals in the MDG context is crucial for Russia as one of the 189 countries, which declared

its commitment to the Development Goals and declared social consolidation as the imperative for sustainable social and economic development. But mobilization of vast resources and of society may require non-standard solutions and innovative approaches in Russia, with its limited democratic traditions. Such solutions should take account of both domestic and international experience.

**Assessment of civil participation.** Participation of citizens in management of state affairs and the decision-making process at different levels of authority is fundamental to the constitution of the Russian Federation. The sector consisting of non-governmental non-commercial organizations<sup>9</sup> (NGOs), which is the essence and core of civil society, has crystallized in Russia over the last 15 years as a manifestation of increasing activity by its citizens and their adherence to democratic values. Non-governmental non-commercial organizations are now active in practically all areas of Russian society, helping the Russian state to solve acute social problems (assistance to the poor, refugees, forced migrants, employment, alcoholism and drug addiction, crime, HIV, homelessness, disability, ecology, etc.), and working to uphold interests and defend rights of socially vulnerable groups. Citizens are uniting in professional organizations, creative unions, social initiative groups, associations, craft unions, clubs and other types of NGO in order to implement their common interests. NGO activities, which are determined “from below”, usually based on voluntary civil initiatives, are an important indicator of society’s increasing potential.

Major Russian NGOs have been keen to cooperate with international organizations, foundations and structures in various UN programmes. They are equal partners in large-scale international projects, actions and debates, helping to use and develop new methods in Russia. In the framework of the eight Millennium Goals, Russian NGOs:

- influence adoption of political decisions;
- implement innovative technologies to help achieve nationwide targets;

- promote awareness among individuals and the general public;
- raise professional skill levels and widen capabilities for efficient rendering of services;
- improve transparency and accountability in the state sector.

The Constitution of the Russian Federation, Civil Code of the Russian Federation and a number of legislative acts (including Federal Laws “On Non-commercial Organizations”, “On Public Associations”, “On Political Parties”, “On Charitable Activity and Charitable Organizations” and others) provide a legal basis for NGO activity in the Russian Federation. Creation of Russian legislation concerning NGOs encouraged growth in numbers of registered non-commercial organizations (state and non-state), and by early 2005 their total number exceeded 320,000. About 22% of them were engaged in socially-oriented activity.<sup>10</sup> Figure 9.1 and Table 9.1 show data on number, structure and dynamics of NGOs not including state non-commercial organizations and consumer co-operatives, which are not strictly the same as NGOs.<sup>11</sup>

Some of the most important indicators (for example, share of NGOs in GDP and in employment) are only accounted by individual segments, which leads to gross underestimation of NGO input in Russia. According to state statistics data<sup>12</sup> and investigations based on such data carried out by the Institute of Urban Economy,<sup>13</sup> employment in the non-commercial sector in 2002 was about 500,000 (0.8% of the total number of Russian employed). The estimate included only public and religious organizations (associations), which were about 65% of the total number of NGOs in 2002, so a significant number of NGOs, and volunteers who work for them, were not

**NGO activities, which are determined “from below”, usually based on voluntary civil initiatives, are an important indicator of society’s increasing potential.**

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counted. A similar situation is observed in assessment of NGO contribution to GDP. According to data of the Institute of Urban Economy, calculated as part of the research, which was just mentioned, non-commercial organizations servicing the household sector contributed about 1% to GDP. However, other estimates put contribution of the Russian third sector at no less than 4% of GDP.<sup>14</sup>

**Involvement in the life of society.** Despite positive trends in evolution of the third sector, levels of people's involvement in non-governmental organizations in Russia remain quite low. The number of people involved in activities of third-sector organizations, both on a voluntary and paid basis, is about 1.6% of the population.<sup>17</sup> NGO experts themselves estimate that involvement remains low (about 1.5-2% of the entire population). Investigations by the All-Russia Center for Public Opinion Study (VTsIOM) show that participation by individuals in social institutions (political parties, trade unions, social and religious organizations, local self-government agencies) is no higher than 2-4% of the Russian population. VTsIOM public opinion polls (in 1999 and 2004)<sup>18</sup> show that over 40%<sup>19</sup> of Russians would like to

take part in socially useful activity on a voluntary basis, but that more than 90% cannot find forms of participation, which are acceptable to them.

Apparently, further active development and resilience of the third sector will depend to a great extent on solution of problems associated with involvement of people and other resources in non-commercial organizations, and creating efficient mechanisms for partnership between third sector organizations, state authorities and local governments. In practical terms, this means that more people involved on a voluntary basis in activities of civil society organizations increase Russia's overall sustainable development, and assist reform success and MDG achievement.

Other obstacles to more efficient activity by non-governmental non-commercial organizations include:

- lack of institutional forms and mechanisms for consulting state and public structures in preparation and adoption of bills;
- inconsistency and contradictoriness between norms in some legislative acts relating to status of non-commercial organizations and

**Table 9.1. Structure of the non-governmental sector in the Russian Federation (data as of January 1 of the year indicated in the Table)<sup>15</sup>**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Non-commercial, non-governmental organizations	57389	98818	123166	147136	163952	199839	236167	260393	279876	306034	323995
Public and religious organizations (associations)	46149	85824	102643	118064	124985	144019	155229	165717	172371	179488	181554
Social initiative groups							111	137	148	172	175
Social movements							812	1808	2079	2283	2333
Territorial public self-administration organizations							756	957	1099	1210	1305
Funds	3549	4103	7058	10693	13880	17010	20223	22993	25832	28095	29986
Corporations of legal persons (associations and unions)							8079	8422	8873	9391	9841
Non-commercial partnerships							6447	8904	11732	15342	18706
Independent non-commercial organization							6025	8069	10018	11997	14138
Condominiums							5594	7215	9398	12121	14906
Non-commercial horticultural, market gardening or country dwelling partnerships							16660	22186	26090	33136	38439
Associations of peasant households (farms)							3234	3010	2846	2752	2626
Other non-commercial organizations <sup>16</sup>	7691	8891	13465	18379	25087	38810	12997	10975	9390	10047	9986



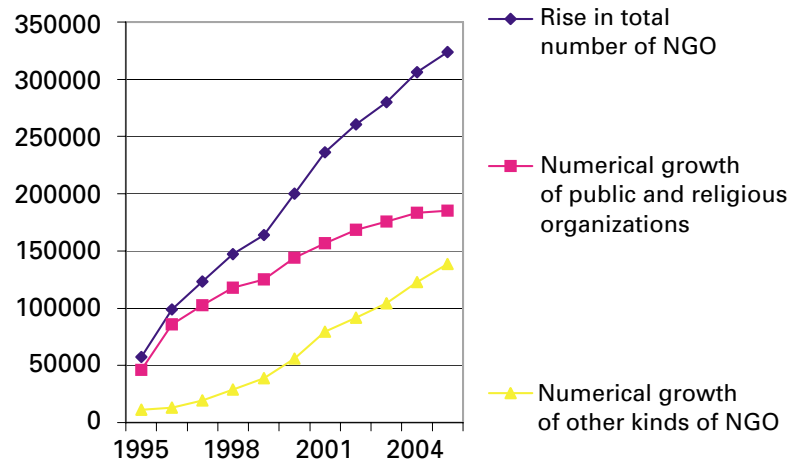
inconsistency between Russian norms and international standards and legal norms;

- underdevelopment of mechanisms for interaction between NGOs and self-regulation within the sector, NGO problems in promoting common interests within one region or in Russia; and
- non-integration of efforts by the general public and non-commercial organizations in the country's social development.

### 9.3. PROMOTING INTER-SECTORAL INTERACTION AND PARTNERSHIP

A specific feature of the current stage of Russia's development is increasing momentum in construction of relationships between state authorities, local self-government organs and civil society institutions. Russian law contains many provisions that regulate forms of governmental support, cooperation and social partnership with local government. Laws explicitly permit "signing of any types of contracts, including those for execution and provision of socially ordered services... on competitive grounds", and offer a basis for participation by civil society in formulating national policy and in local self-governance. A wealth of practice and experience in interaction between state authorities and noncommercial organizations has been accumulated. Operating mechanisms and institutions for inter-sectoral interaction and partnership have been set up. Forms of cooperation are divided into economic and non-economic, in accordance with international standards.<sup>20</sup> Non-economic forms of cooperation include: consulting; joint discussions; public hearings; joint activities; social councils, coordinating councils, and consulting councils; standing round tables; conferences; negotiating forums; and working and expert teams at interdepartmental and intersectoral levels. Economic forms of cooperation are generally implemented through competitions, grants, social orders, establishment of relevant taxation conditions, etc. However, for a number of years this important positive process did not develop systematically. Since neither orga-

Figure 9.1. Numerical growth of NGOs in 1994-2004



nizational nor legislative mechanisms of intersectoral partnership had been created to facilitate cooperation between state authorities and non-commercial organizations (NCOs), NCO activities could not develop successfully and the public administration system remained unchanged.

The Civil Forum which was held in November 2001 showed readiness for cooperation between top levels of Government and civil society organization and formally launched a wider dialogue and promotion of partnership on an institutional basis. The Federal Law "On the Social Chamber of the Russian Federation"<sup>21</sup> was a new step in building partnership relations between state authorities and citizens/civil society institutions. The main purpose of the Social Chamber is to reconcile interests of citizens, public associations and state agencies in order to address economic and social development issues of vital importance for Russia. Formally, adoption of the Law makes it possible to carry out comprehensive public expert appraisal of draft laws of national importance concerning development and to carry out public control over Government activity, using expert resources.

It is still too early to assess the new legislation, since there is no experience of its application, but the new Law does give new impetus to the creation of conditions and mechanisms for citizens to implement their rights to active participa-

tion in social life and promotes a partner relationship between state authorities and civil society.

### 9.4. SCENARIOS

The degree of people's involvement in furthering achievement of the Millennium Development Goals adapted to Russia and scope for enhancing civil society potential in the field will depend on steps taken by Government as regards interaction with the civil-society sector. Three alternative development scenarios are worth considering.

The first scenario assumes implementation by the Russian Government of a package of measures associated with civil society development within the framework of the Medium-term Socio-economic Development Programme for 2005-2008. The draft programme calls for:

- updating of legislation regulating NGO activities and charity;
- equal conditions of access for non-governmental and governmental non-commercial organizations to the social services market;
- ensuring transparency of central and local government for society;
- promoting mechanisms for independent public expert appraisal and consultations between the Government and society at early stages in preparation and adoption of important decisions; developing social monitoring mechanisms;
- creating mechanisms conducive to sustainable interaction between civil society and business, widening social responsibility of business, etc.

Development according to this scenario should lead to significant growth of civil society potential and capacities for achieving the Millennium Goals. However, probability of the scenario must be rated as low, based on analysis of the degree to which goals, declared in previous Government programmes, were actually achieved. For example, the goal of fighting poverty in Russia was already placed among top priorities in the Medium-term Socio-economic Development Programme for

2002-2004 (the predecessor of the current programme). The earlier document also referred to social consolidation, support of society for Government action, diversification of social services through involvement and development of the non-governmental non-commercial sector as key conditions for programme fulfillment. However, lack of specific measures, mechanisms and resources, including design of a nationwide strategy for involving the general public in implementation of the programme, and absence of mechanisms for monitoring programme fulfillment have undermined civil-society involvement. The draft programme for 2005-2008 fails to specify target results, which recommended measures are aiming at, and assumes a rigidly centralized sphere of responsibility for programme fulfillment.<sup>22</sup> The document also offers no guarantees that necessary budgetary assignments will be made for its implementation.

The second development scenario is also based on implementation of the package of measures stipulated by the Medium-term Socio-economic Development Programme, but it includes several specific conceptual approaches and mechanisms for programme implementation.

The scenario is based on joint implementation by the Russian Federal Government, civil society institutions and interested international and business organizations of a package of organizational, financial and legislative measures, which would help efficient pooling of Government and social resources for achieving nationwide social goals in Russia. Creation of institutional relations between the general public and the state will be conducive to participation by citizens and NGOs in preparation, approval and implementation of decisions at all levels (local, regional and federal) and will support sustainable socio-economic development in Russia and achievement of the Millennium Development Goals.

Implementation of the scenario requires mechanisms for wider participation by citizens of all ages and united efforts by civil society and state

institutions for joint solution of social and economic problems. Such mechanisms include:

- raising people’s awareness of the Millennium Development Goals, promoting public participation through MDG exposure and information about how people can be useful to their country (in cooperation with mass media);
- promoting a system of support for voluntary civil initiatives in the Russian Federation; and
- building stable partnership relations between Government and civil society organizations by developing and signing an agreement (which should include mutual responsibility of the sides for joint planning, implementation and monitoring of results).

An important element of this scenario would be adoption of a nationwide strategy for combating poverty and development within the strategy framework of a nationwide programme, which could be entitled “Strategic Partnership between the State and Voluntary Sectors for Poverty Elimination in the Russian Federation”. The programme would design a platform for strategic partnership and a plan of common actions for achieving the Millennium Goals and other socio-economic reform targets. The basic conceptual idea is to reduce poverty scopes, and improve living standards and quality – a national idea, which could only be implemented by joint efforts of society and the state. This could rally citizens and create a basis for promotion of a positive social dialogue and open social agreement, in which all interested organizations can take part.

It is also very important that Medium-term Programmes of Socio-economic Development up to 2008, 2012 and 2015 should treat the national strategy and programme as components. Development according to this scenario, including new mechanisms of social self-organization, will create additional conditions for sustainable growth in scope and efficiency of social activity, allowing greater job creation, growth in the volume and quality of social services and, hence, increased contribution to Russia’s social and econom-

It is acknowledged all over the world that “the volunteer movement is one of the basic means, by which people can be active subjects of the social development process”. Based on general recognition of the vital role of volunteers in improving the quality of life, the UN strongly recommends all countries to consider volunteers as a component in national plans and goal-targeted strategies within the MDG framework.

ic development. In the long run, the poverty problem will be dealt with more efficiently, living standards and human development will improve.

#### 9.5. SETTING UP A SUPPORT SYSTEM FOR VOLUNTARY CIVIL INITIATIVES IN THE RUSSIAN FEDERATION

The issue of the volunteer movement has been discussed by the United Nations General Assembly on several occasions over the past decade. It is acknowledged all over the world that “the volunteer movement is one of the basic means, by which people can be active subjects of the social development process”. Based on general recognition of the vital role of volunteers in improving the quality of life, the UN strongly recommends all countries to consider volunteers as a component in national plans and goal-targeted strategies for poverty reduction, sustainable development, health, disaster prevention and relief, social integration and, in particular, overcoming social exclusion and discrimination within the MDG framework.<sup>23</sup>

Voluntary action has a special role in youth policy and promotion of education (in the context of Goal 2). Youth volunteers represent an efficient method for involving youth in socially useful activity. Free access for children and young people to voluntary social activity helps to instill and propagate knowledge and skills, and to raise and train young people to be intelligent, honest, highly-educated and socially-responsible individuals.

## Chapter 9

Integration of youth volunteers in the education process (“learning by doing”) can be achieved by combining classroom education with practical participation in socially important activities and projects that address local community problems.<sup>24</sup>

**R**ussia took an extremely important step towards promoting and establishing voluntary action as an institution in Russia when it officially supported the UN General Assembly Resolution A/57/L8 (2002), which acknowledges that work on a voluntary basis is an important component of any strategy aimed at solving problems in such fields as poverty reduction, sustainable development, health protection, etc. It is important that the national programme, considered above as the second development scenario, should draw on experience gained by Russia in promoting its voluntary movements within the framework of UN resolutions.

**S**ome estimates of volunteers’ contribution to social and economic development in Russia. Calculations made in 1997<sup>25</sup> showed that, if 10% of Russia’s population took part in voluntary activity for average five hours a week, they would create investments in the social sphere worth about USD 3 billion annually. As mentioned above, according to VTsIOM, over 40%<sup>26</sup> of Russians say that they would take part in socially useful activity on a voluntary basis. Clearly, therefore, the level of development and support for volunteering in Russia is lagging social demand, preventing volunteer potential from being realized. Enormous reserves

of voluntary civil initiative remain untapped. A significant gap between the desire of people to take part in socially useful activities (over 40%) and their actual involvement (2-4%), points to absence of a systematic approach to stimulating and supporting voluntary civil initiatives, not to social apathy of a considerable part of Russians. In other words, Russia lacks infrastructure for encouraging and supporting volunteer activity. Most of all it lacks volunteer centers. Experience gained in Russia over the last decade in setting up volunteer centers has unfortunately not yet been developed and supported at the federal level and has remained as a social experiment. Volunteering is not viewed as a strategic resource for state policy and is almost disregarded in national development strategies. Another problem is inadequate study of the volunteer phenomenon and resulting underestimation in Government and in social consciousness of the role and place of volunteering in social development, and in building democracy and civil society.

**A** targeted state policy of supporting and encouraging voluntary initiative will enable people to realize their socially-responsible civil functions, and be active participants in preparing, adopting and implementing efficient state decisions. Creation of proper volunteer centers will help to obtain a true picture of people’s participation in the decision-making process and trigger a “snowball” effect to give a critical mass of positive results. Numerical growth and increasing efficiency of Russian volunteer activity through promotion of the national voluntary movement and active position by volunteer organizations when they have confidence that their voice will be heard in political decision-making should overcome specific obstacles relating to the Russian “third sector”: negative public perception of NGOs; low capability of local donorship; inadequate legislative foundations; low levels of managerial personnel training; and absence of mechanisms for self-organization and mutual training. By and large, promoting volunteerism will do much for creation of a dynamic and diversified NGO community in Russia.

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It should be noted that creation of legislative conditions is important for furthering civil society institutions, volunteering included. A new law “On Socially Useful Organizations” would need to be drafted in addition to or instead of the existing Federal Law “On Charity Activity and Charity Organizations”. New laws “On Government Guarantees and Support of Voluntary Activity in the Russian Federation,” and “On Interaction and Partnership between State and Civil Society Institutions” are also needed

## 9.6. CONCLUSIONS AND RECOMMENDATIONS

Social initiative and activity by civil society institutions would help to achieve the MDG+ goals for eradication of poverty in Russia, and they are particularly important since Russia is expected to achieve these goals using its own resources. Moreover, promotion of civil society is the most important factor for democratic development and efficient structural reform in the Russian Federation. The process of social, economic and democratic reform needs to be seen as a common course of positive change with equal relevance for the state and its citizens. This can be achieved by putting the MDG and, primarily, the goal of fighting poverty in the focus of joint efforts by the state and society.

Building efficient mechanisms to mobilize society’s potential should become a basic element of state social policy. In that case the policy will meet the aspirations of millions of Russians who are ready and willing to help solve social problems and be active subjects of social development. Large-scale involvement of the general public should be seen as an essential condition for MDG achievement.

Previous Chapters in this Report have described a system of indicators derived from the MDG indicators, but adapted to Russia. It is also important to design and apply statistical indi-

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cators reflecting the degree of social involvement in achievement of the Goals. They would monitor the number of civil society organizations, the number of citizens taking part in their activity, the contribution of these organizations to the national economy, etc. In order to assess the actual NGO contribution to achieving the MDG, the system of statistical indicators system should also track numbers of NGOs rendering social services to people and other NGO activities directed to achieving the MDGs.

Creation of legal, organizational and economic conditions for citizens and social institutions to participate actively in social development processes and be fully-fledged partners of the state should be a central link in the national strategy to achieve the MDGs. It is no less important to promote self-regulation in the non-commercial sector, which will lead to NGO consolidation, enhance transparency and professionalism and consolidated efforts for upholding common interests of civil society.

The best way to promote civil society in Russia is to overcome the situation where recipients of state aid (the poor and vulnerable groups) are the only part of the general public with experience of social action. This can be done by helping the many citizens who are ready to take part in socially important initiatives (at the national, regional and local community levels) to fulfill their aspira-

tions. Such an approach will create conditions, in which each person can be both a subject of social development and retain his or her personal freedom and freedom of action and choice. Part of the new mission of state social policy is to ensure voluntary participation of citizens in policy molding and implementation.

This task of much wider social involvement in addressing national problems calls for creation of suitable legal and organizational mechanisms. Practical realization of partnership and joint solution of the problems facing society and the state will help to restore society's confidence in the state's commitment to social guarantees, enhance mutual obligations and shape civil responsibility.

A circumspect and well-designed state policy of partnership and state support for civil initiatives (including voluntary initiatives) will be an efficient tool for implementing state social policy in employment, social security, youth and other key aspects of social life. Tapping third-sector resources for social and economic development and for achieving development goals will encourage drastic expansion of the scope and quality of services, which NGOs provide. New employment markets will arise, based on the third sector, and self-organizing processes of civil participation at a local level will appear. Sustainable development and growth of third-sector potential will make an important contribution to social and economic reforms in the context of the development goals.

<sup>1</sup> "Human Development Report 2003". Published for the United Nation Development Programme (UNDP), New York Oxford University Press, 2003.

<sup>2</sup> Millennium Declaration. UN Public relations Department. UN Information Centre in Moscow, October 2001.

<sup>3</sup> United Nations General Assembly 59th Session. Items 45 and 55 of the agenda. "Comprehensive and coordinated implementation of decision of major conferences and summits" of the United Nations Organizations in economic, social and related fields and subsequent activity in connection with them. Subsequent measures on the Millennium Summit results. Report of the Secretary-General "In larger freedom towards development, security and human rights for all" Source: www.un.org.

<sup>4</sup> "Human Development Report 2003". Published for the United Nation Development Programme (UNDP), New York Oxford University Press, 2003.

<sup>5</sup> Source: United Nations Organization, Fifty Sixth Session, Item 40 of its tentative agenda\* 6 September 2001, Follow-up on the Millennium Summit. Plan for the Millennium Declaration Implementation, Report of the Secretary-General.

<sup>6</sup> Draft of the Medium-term Programme of Socio-economic Development of the Russian Federation for 2005-2008. UNDP Materials.

<sup>7</sup> Address of the President of the Russian Federation, 2003. An action programme stipulating doubling of GDP and fighting against poverty was presented.

<sup>8</sup> Report of the Working Group of the UN Mission in Russia. Source: The Millennium Development Goals in the Russia context: "From economic growth to sustainable development based on human rights". United Nations Mission in the Russian Federation. 2005.

<sup>9</sup> Nowadays the term "non-governmental non-commercial organizations" is legally defined in only one Russian legislative act, i.e. the Federal Law "On Charitable Activity and Charitable Organizations".

<sup>10</sup> The researches were conducted within the framework of the project "Sodeistviye v sovershenstvovanii i razvitiu zakonodatel'stva, reguliruyushego deyatel'nost' nepravitel'stvennykh nekommercheskikh organizatsiy" conducted in 2003 by the State Duma Committee on Social Associations and Religious Organizations and by the UNDP Office in the Russian Federation.

<sup>11</sup> Consumer cooperatives are excluded from the NGOs analyzed in this research because they differ from NGOs, which are regulated by the Federal Law "O nekommercheskikh organizatsiyakh". Consumer cooperatives are mainly oriented to meeting material needs of citizens, whereas the key feature of an NGO is meeting non-material needs (spiritual needs, self-fulfillment, etc.). Therefore consumer cooperatives are not covered by the Federal Law.

<sup>12</sup> Federal Service for the State Statistics. "Russia in Figures – 2003".

<sup>13</sup> Project "Obyedineniye grazhdanskogo obschestva dlya reformirovaniya sistemy nalogooblozheniya nekommercheskogo sektora".

<sup>14</sup> Materials of the workshop-conference to present results of the research project "Sodeistviye v sovershenstvovanii i razvitiu zakonodatel'stva, reguliruyushego deyatel'nost' nepravitel'stvennykh nekommercheskikh organizatsiy", which was held in the State Duma on December 4, 2003.

<sup>15</sup> The Table was compiled using data of the Federal State Statistic Service and does not include non-commercial state organizations (enterprises) and consumer cooperatives.

<sup>16</sup> Until 2000 the section "Other non-commercial organizations" included associations, unions, non-commercial partnerships and independent non-commercial organizations. From 2000 the section includes entities whose organizational and legal form is not stipulated by the All-Russian Classifier of Organizational and Legal Norms.

<sup>17</sup> S.V. Shishkin. *Ekonomika sotsial'noy sfery: Textbook. 2001 NHDR for the RF / Ed. Prof. S.N. Bobylev. M.: Interdiakt+ Publisher, 2002, series "UN Development Programme". – Moscow: GU-VSHe, 2003.*

<sup>18</sup> VTsIOM Press-release No. 120 Moscow, September 29, 2004. «Kak razbudit' grazhdanskoye obschestvo?».

<sup>19</sup> Newspaper «Izvestiya», 22.05 1999.

<sup>20</sup> Source: "Public Administration Reform", 2002, UNDP Regional Bureau for Europe and CIS, New York, USA.

<sup>21</sup> The Federal Law "Ob obschestvennoy palate Rossiyskoy Federatsii" came into force on July 1, 2005.

<sup>22</sup> Draft summary report "Tseli, zadachi i pokazateli deyatel'nosti subyektov budzhethnogo planirovaniya (federal'nykh ministerstv, federal'nykh sluzhb i federal'nykh agenstv, rukovodstvo kotorymi osuschestvlyayet Pravitel'stvo Rossiyskoi Federatsii)", source: extracts from UNDP materials.

<sup>23</sup> UN General Assembly Resolutions, A/RES/56/38, January 10, 2002.

<sup>24</sup> Global Youth Service Day. "Service learning" Planning Toolkit. Global Youth Action network, Youth Service America, 2001. 1101 15th Street, NW, Suite 200 Washington, DC 20005.

<sup>25</sup> Sotsial'noye partnyorstvo gosudarstvennykh organov vlasti i nepravitel'stvennykh organizatsiy kak fundamental'nyi printsip grazhdanskogo obschestva. - TACIS, 2000, p.150.

<sup>26</sup> Newspaper «Izvestiya», May 22, 1999.



# Russia in 2015: Development Goals and Policy Priorities

## MDGs adapted for Russia

### Goal 1. REDUCE POVERTY AND ERADICATE HUNGER

1. Halve by 2015 the general poverty level and eradicate extreme poverty among non-marginal groups of the population
2. Provide access to food for the poor

### Goal 2. INCREASE ACCESS TO EDUCATION

3. Involve vulnerable groups of the population in education and socialization
4. Ensure participation in pre-school education of children from low-income families and children residing in rural areas
5. Reduce the gap in funding and access to general secondary and primary vocational education between and within regions
6. Update the content of general secondary education towards developing practical skills and application of knowledge
7. Improve compliance of vocational education with the modern economic environment and labor market requirements

### Goal 3. ENSURE GENDER EQUALITY AND IMPROVE THE SITUATION OF WOMEN

8. Eliminate gender inequality in primary and secondary education preferably by 2005 and at all levels of education by 2015.
9. Ensure equal access to political institutions for women and men
10. Eliminate discriminatory practices in labor and employment
11. Create effective mechanisms for preventing violence against women
12. Reduce the impact of unfavorable socio-economic factors on health and life expectancy, especially male

### Goals 4 and 5. REDUCE MATERNAL MORTALITY AND MORTALITY AMONG CHILDREN UNDER FIVE

13. Increase life expectancy and reduce mortality from major causes
14. Promote changeover in society to a healthier life style
15. Reduce the mortality rate of children under five by at least 50% by 2015, as compared with 1990 (from 21.5 to 11 per 1000)
16. Reduce maternal mortality by at least 50% in the period 1990-2015

### Goal 6. COMBAT HIV/AIDS, TUBERCULOSIS AND OTHER DISEASES

17. Halt and begin to reverse the spread of HIV/AIDS
18. Halt the spread and significantly reduce incidence of Tuberculosis (TB) and other socially-based infectious diseases

### Goal 7. ENSURE ENVIRONMENTAL SUSTAINABILITY

19. Integrate the principles of sustainable development into country policies and programmes and prevent losses of natural resources
20. Provide the population with sustainable access to safe drinking water
21. Improve people's living conditions

### Goal 8. PARTICIPATION IN GLOBAL DEVELOPMENT PARTNERSHIP ADEQUATE TO RUSSIAN NATIONAL INTERESTS

22. Creation of favorable international conditions for elimination of internal obstacles to human capital development and achievement of the MDGs in Russia
23. Priority assistance by Russia to solution of global problems, whose manifestations inside Russia are particularly acute and damaging
24. Gradual build-up of Russia's contribution to international development programmes as a donor country