UNDP Russia

National Human Development Report in the Russian Federation 2010

Millennium Development Goals in Russia: Looking into the Future

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Moscow

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The 2010 National Human Development Report (NHDR) 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 systems and other institutions by which the experts and consultants are employed.

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Box 8.1. New donors in the global development aid architecture

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National Human Development Report 2010 for the Russian Federation /Edited by Prof. Sergey Bobylev; editing in English by Ben W. Hooson/ Design, prepress and printing by LLC 'Design-project 'Samolet'. – M., 2010 – 152 pages, 23 tables, 59 figures, 19 boxes.

Readers are invited to inspect and read the latest 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 prepared by teams of independent experts.

The main objective of the NHDR 2010 is to monitor achievement of the Millennium Development Goals (MDGs) adapted for Russia, and to reflect new trends towards achievement of the Goals in the country. The Report is intended to coincide with the regular session of the UN General Assembly in September 2010, where Russia, together with other UN countries will discuss global progress towards achieving the MDGs.

The Report is intended for policy makers, political scientists, scientific researchers, and for university teachers and students.

The United Nations Development Programme in the Russian Federation expresses its sincere gratitude to the sponsor of the 2010 National Human Development Report for the Russian Federation:

United Nations Population Fund (UNFPA)

The authors express their gratitude to the management and employees of the Department of International Organizations at the Ministry of Foreign Affairs of the Russian Federation: **Gennady M. Gatilov**, Director of the Department; **Dmitry I. Maximychev**, Deputy Director of the Department; **Victor I. Zagrekov**, Head of the UN Technical Assistance Division and the National Project Director, as well as to the staff and management of the UNDP Russia Team: **Frode Mauring**, UN Resident Coordinator/UNDP Resident Representative; **Sascha Graumann**, Deputy Resident Representative; **Elena A. Armand**, National Programme Coordinator; **Victoria K. Zotikova**, Communication Analyst; **Mikhail V. Babenko**, Project Manager and **Natalia V. Voronkova**, Project Coordinator.

The authors also thank the Federal State Statistics Service and the Ministry of Health and Social Development of the Russian Federation for data provided for the Report, as well as the participants of Public Hearing on the draft Report for their constructive comments.

Dear Readers,

I am proud to present the 14th National Human Development Report for the Russian Federation. A decade has passed since world leaders met at the UN Millennium Summit to adopt the Millennium Declaration, They agreed goals and indicators, with a definite time scale and achievement criteria, for directing the global fight against misery, hunger, disease, illiteracy, environmental despoliation, and discrimination against women. The Declaration and the related accords were a landmark: for the first time in history world leaders had agreed to unite their efforts in resolving a range of complex global development challenges.

The Human Development Report, "Russia in 2015: Development Goals and Policy Priorities" was compiled in Russia in 2005 with the support of the UNDP. The Report reworked and adapted the Millennium Development Goals (MDG) to make them applicable to Russia, and assessed human development in Russia through the prism of the MDGs. Preparation and presentation of the Report was a valuable experience: poverty and health care issues are relevant to every society and it is extremely important not only to help the poorest countries grapple with such issues, but also to learn effective ways of dealing with them at home.

The present Report has been prepared by independent experts and monitors Russia's progress in achieving the MDGs adapted to national conditions. Much has changed in the past five years, both in Russia and in the global economy. Growth has been followed by crisis, and in 2010 the nations of the world are gradually entering a stage of post-crisis recovery. Assessment of MDG progress has assumed special relevance, as economic problems inevitably affect human development.

Trends in MDG achievement in Russia are mixed. There are clear positive trends: poverty is reduced, education is more accessible, child and maternal mortality rates have shrunk, and Russia's position as an international donor has strengthened. However, many issues still require serious attention, particularly the spread of HIV/AIDS, lack of committed gender policy, damage to the environment, and significant interregional disparities in human development. As the Report makes clear, ensuring sustainability of current positive trends is also a key challenge. We hope that this Report will not only stimulate discussion of the MDGs and Russia's role in global development among the expert community and a broader public but that it also will provide basis for strategic decisions to strengthen human development, at both federal and regional levels in Russia.

Frode Mauring
UNDP Resident Representative

CONTENT

PREFACE

This is the 14th National Human Development Report (NHDR) for the Russian Federation. Such reports are published in many countries on the initiative of the United Nations Development Programme (UNDP). Global Human Development Reports, offering overviews for all countries, are published annually. Texts are prepared for the UNDP by groups of independent experts.

The 2010 NHDR for the Russian Federation is a conceptual sequel to several earlier national reports prepared by various independent groups of Russian experts with assistance and support from the UNDP Country Office in Moscow. The 2010 Report is particularly closely linked to the 2005 Report, 'Russia in 2015: Development Goals and Policy Priorities'. The latest Report, like all its predecessors, is not an account of the socio-economic situation in the country over a specific period of time, but a work of scientific analysis.

The theme and title of the 2010 NHDR is 'Millennium Development Goals in Russia: Looking into the Future'. This issue is studied in the context of UN Millennium Development Goals (MDGs), which have been approved by the international community, and which call for poverty reduction and increase in public incomes, upgrading of the educational system, promotion of gender equality, steps to combat disease, ensuring environmental sustainability and creating a global partnership for human development. Using the MDG concept, the authors determine targets and priorities, which are specific to the present stage of Russia's development, and propose scenarios and indicators for achieving the MDGs in Russia by 2015 and 2020. The report analyzes current issues and trends in reforms related to human development in Russia and to the country's recovery from the recent global crisis.

The authors have mostly used official Russian statistics (data from the Federal State Statistics Service (Rosstat), ministries and government institutions). References are provided where data from other sources have been used.

This Report was prepared with active involvement of government and civil society.

EXECUTIVE SUMMARY

Chapter 1: **Seeking a Long-term Strategy for Russia** notes that one important result of the macroeconomic and political stability, which Russia had achieved by the start of the 21st century, was revival of interest in long-term social and economic development issues. The present Report looks at the significantly modified versions of MDG indicators and targets designed specifically for Russia. Explicit introduction of government control over goals and targets has become a serious motivator for restructuring the mechanisms and institutions of a responsible state.

Adapting society to changes during the crisis and post-crisis recovery offers an opportunity to use the human potential and creative energy of all agents. Freedom of creation, free flow of information, and the freedom of individuals to benefit from such flows are vital prerequisites for breakthrough. The country needs political and economic conditions, which can promote creation of a knowledge-based society and economy.

Modernization and diversification of the national economy is the overriding priority goal of social and economic development. But, in order to be successful, modernization in Russia needs to penetrate political, and social strata as well as the economy, thereby enabling cultural (ideological) renovation. The global crisis and efforts to overcome it have demonstrated a number of serious risks to sustainable social and economic development in Russia in the near future. The main risk is the tendency of Russian society in the post-crisis period to cling to the economic and political status quo, which can only mean waiting for Russia's exports (fuel, energy and metals) to regain pre-crisis prices, enabling return to the pre-crisis growth model. The political risks of today's resource addiction are very high, because it is causing degradation of the country's main public institutions. This is a principally new phenomenon in Russia.

Other priorities of social and economic policy for anti-crisis modernization, outlined in the chapter, include: macroeconomic stability; increasing budget efficiency; transition from a policy of employment preservation to a policy that stimulates creation of new jobs and workforce mobility; implementation of institutional reforms in the key human development spheres (education, public health, pension system); modernization and development of medium- and long-term loans for small and medium-scale (non-oligarchic) business; anti-monopoly policy and promotion of competitiveness; and definition of approaches to pension and medical insurance reform.

Chapter 2: **Poverty, economic growth and the crisis in Russia in the first decade of the 21st century** provides a review of the progress of the country's living standards and of socio-economic policy in terms of progress towards the Millennium Development Goals and draws attention to reduction of the poverty rate thanks to effects of economic growth. Increasing real wages and pensions lifted many households above the poverty line, mostly among the so-called 'working poor', who represent the majority of people with incomes below the subsistence level, and among pensioners.

Several increases of the minimum wage and care allowance for families with children under 18 months, as well as introduction of a monthly cash allowance for certain groups of the population entitled to benefits, and modest growth of allowances for children in poor families have helped to eliminate extreme poverty in Russia. Nevertheless, the existing social support system lacks mechanisms to prevent revival of such poverty when the economic situation worsens, as was seen in the 2008 crisis. Complete elimination of extreme poverty will only be guaranteed when and if targeted anti-poverty programmes are developed.

Re-direction of social and economic development towards modernization requires inclusion of progressive elements in all social and economic programs, including support programs for the poor. It frequently happens at present that poor families receive dedicated allowances while family members who are fit and able to find work remain unemployed or only partially employed. This problem could be addressed by introducing a principle of social support against signing of a social contract, which would commit capable unemployed members of the household to take up employment.

Educational challenges are reviewed in Chapter 3: **Russian education in the context**

of the UN MDGs: current situation, problems, and perspectives. Russia looks very successful when measured by the global education MDGs, which are focused on maximum access to education. However, it is important to dig deeper and consider the ideas behind the education MDGs, and not only their formal requirements. The ideas behind the MDGs are the role of the education system in reducing social inequality and increasing public wealth. In this context the focus shifts from accessibility indicators towards indicators of education quality and accessibility of high-quality education to all social groups. MDGs for Russia in the field of education were analyzed from this point of view and updated accordingly.

Analysis of Russia's progress towards the Russia-adapted MDGs (the MDG+s) shows some improvement in equal access to high-quality education, though not by all indicators. However, trends in education quality are negative. There are outstanding issues of uneven quality of general secondary education in various regions of the country, of major lag in the quality and content of secondary education in comparison with many other countries , and failure of the quality and content of professional education to meet the needs of the labor market and the modern economy.

The Russian government seems fully aware of these issues. Documents, which have been developed and approved by the Government and the Ministry of Education, provide for dramatic measures, which should change the trends by 2020. However, attention to interregional differences in the quality of secondary education looks insufficient and there are a number of factors, which could dramatically reduce the efficiency of planned measures for restructuring the professional education system. Success will to a large extent depend on how effectively these factors are taken into account, and on steps to reduce risks inherent to upgrading of professional education.

Specifics of Russia's gender status also required development of special MDG targets for Russia, aimed at alleviating both male and female gender problems, promoting egalitarian relationships inside families and society, and moving towards gender equality. Chapter 4: **Promoting gender equality and empowerment of women** shows that gender issues are also pertinent to the male population in Russia: men have very low life expectancy, their educational level is declining in comparison with that of women, and a large share of men are employed in hazardous conditions.

Progress analysis of Russia's gender issues has shown that these problems have become less intense in the past few years. Gender asymmetry among students at various levels of professional education had been reduced, as has professional segregation. The number of females among decision-makers has grown, although insignificantly. Life expectancy has risen somewhat, particularly that of males, narrowing the gender gap in life expectancy. The gender gap in payrolls is also showing positive tendencies.

The Chapter describes the main problems and barriers to gender equality and expansion of female opportunities in Russia at present. They are: prevalence of traditional gender roles in Russian society; lack of an integrated state gender policy; persistent low wage levels in budget-financed sectors with a predominantly female workforce; widespread direct or indirect discrimination against women in labor relations; lack of a satisfactory mechanism for protecting women from violence; and marked gender differences in the attitude of Russians towards their personal safety and self-preservation.

Reduction of child mortality and better maternal care. Evaluating health priorities for Russia are the central issues of Chapter 5. Infant, perinatal and neonatal mortality are important indicators of public healthcare status in the framework of MDG4. We recommend using WHO approaches, specifically the Safe Maternity program, which is based on scientifically proven, non-medical pregnancy and delivery care. Russia should improve obstetrics and perinatal technologies, and clinical outcomes, as well as monitoring processes and work methods at maternity hospitals and departments. Perinatal mortality accounts for the majority of mortalities among children under 5 years of age in Russia, so its reduction will significantly contribute to fulfillment of MDG4.

Reduction of maternal mortality in Russia depends on a number of factors. Reduction of the number of legal and, probably, also of illegal abortions together with increasing safety of pregnancy termination techniques have led to reduction of maternal mortality, which is now rare in Russia and subject to random fluctuations. One of the five approaches recommended by WHO – confidential examination of maternal mortality cases – has key importance for understanding actual healthcare problems in the context of MDG5 for Russia. By 2020 Russia should be able to reach the level of maternal mortality registered in the European Union.

The Chapter stresses that the country needs to pay special attention to health of the economically active population. Current reports on successes of Russia's healthcare and demographic policies tend to be based on quantitative measures – the number of people covered by healthcare programs and the amount of money spent for this purpose. But sheer growth of services and increasing expenditures on healthcare cannot be regarded as an achievement if efficient outcomes are not being attained. High male mortality has remained an unsolved issue since the mid-1960s and requires special attention from government. A policy of tobacco and alcohol restriction, aimed at reducing their presence on the market (as implemented in Nordic countries) could significantly reduce or even eliminate the problem of hyper-mortality among Russian men of working age.

As stated in Chapter 6: **Combat HIV/AIDS and other infectious diseases**, MDG6 is mostly oriented to combating HIV/AIDS and tuberculosis, which are the two main causes of global demographic losses and have very negative effect on the economy. These diseases also pose a serious public healthcare challenge in Russia. Despite certain positive trends, there have been no dramatic breakthroughs in the fight against HIV – the number of registered cases has risen above 520,000 and the mortality rate is also growing. The last five years have seen stabilization of the main epidemiological parameters for tuberculosis and improvement of indicators for anti-tuberculosis measures, but the overall situation remains grave. The main weakness of government-run HIV/AIDS programmes and its finding is preserving the existing healthcare infrastructure, which fails to meet the challenges of the new epidemiological situation.

Organization of effective treatment for the ever growing number of patients with both HIV and TB requires wider use of extramural approaches and standard therapeutic courses which would correspond to international best practice. Halting the advance of HIV infection in Russia will require focus of prophylactic measures on key risk groups, from which most cases of infection originate, and use of epidemiologically substantiated interventions to reduce the risks of infection. Generally, stopping spread of HIV/AIDS, tuberculosis and other infectious diseases requires decision-makers in Russia to become more pragmatic and carry out unbiased analysis of all existing possibilities. This is not an easy task, but its successful accomplishment will have a highly positive effect for Russia.

The last few years have shown that the well-being of humanity is increasingly dependent on changeover to environmentally sustainable development, and this gives the title of Chapter 7 and of the corresponding MDG: **Promoting environmental sustainability.** In the context of human development this goal reflects the need to deal with two major issues: human impact on the environment and depletion of natural resources; and improvement of environmental conditions for human development. A number of indicators have been developed/adapted to monitor the progress of sustainable development in Russia, and enable government and public monitoring of environmental conditions for human development, preservation of the world's largest natural capital and support of the country's ecosystem services. The Chapter points out that Russia is the world's biggest ecological donor, playing a major role for maintenance of biosphere stability. So environmentally sustainable development in Russia is relevant not only for Russians, but for the whole of mankind.

The Chapter also states that transition to sustainable development requires introduction of the environmental factor in the system of main social and economic indicators of the country's development. Implementation of

MDG ideology at all levels of government in the Russian Federation would increase efficiency of natural resource utilization, resolve the country's environmental problems, and reduce environmental threats to public health. Russia has a problem of inefficient use and depletion of natural resources, and GDP energy intensity is a key indicator of this. GDP energy intensity is a priority not only for environmental sustainability, but for maintaining the country's economy, and it is closely tied to other indicators, notably carbon dioxide emissions, which are mainly due to the energy sector and are highly important for global climate change. The chapter also deals with the environmental MDG tasks related to improvement of clean potable water supply and housing conditions.

As stated in Chapter 8: **Developing a global development partnership**, Russia has in the past few years restored its status as a large economic and financial power, and proven its right to a place among the world's leading countries with regard to both development progress and economic scale . MDG8 calls on the international community to seek joint universal solutions to meet the needs of underdeveloped countries, creating open, controllable and non-discriminatory trade and involving business in the search for solutions. Progress towards this goal is currently determined by a number of factors. Firstly, MDG8 is to some extent influenced by the architecture of international aid, which has been undergoing serious changes in the past few years. Secondly, negative impact of the global crisis on prospects for resolving major problems facing developing countries has to be taken into account. Thirdly, transparency and accessibility of information on efforts and results in this field are highly important for successful creation of a global development partnership.

The Russian Federation has significantly intensified its participation in global efforts to reach MDG8 in recent years, supporting its status as an active and responsible participant of the international donor community, increasing its contributions to combating famine, poverty, infectious diseases and solution of other global issues. Russia's main goals in these fields have been defined in Russia's Concept for Participation in International Development Assistance (2007). These goals are based on UN MDGs. Before the early 2000s the amount of Russia's help to other countries was low. But steady growth of the national economy in the first decade of the 21st century has promoted significant growth of the federal budget and expanded capacities for assisting international development. In 2008 these expenditures reached USD 220 million. Russia has adopted the UN-recommended figure of 0.7% of Gross National Income as its long-term target for international aid contributions.

Russia is keen to use the whole diversified arsenal of official development aid mechanisms, including bilateral assistance payments to participate in international organizations implementing development programs, financing of global foundations, and special initiatives promoted by the G8, World Bank, and UN organizations.

Chapter 9: **Millennium Development Goals and Russian regions** offers analysis of main regional trends. Rapid economic growth in the 2000s and increased financial capabilities of government have enabled more even spread of economic benefits between Russian regions, so that indicators of the most problematic regions have improved faster than those of the most successful. Economic growth more than halved the income deficit, and lessened its regional differentiation. All Russian regions reported reduction of infant, maternal and child mortality due to increased financing of the healthcare system and other modernization. Regional gaps in these indicators also narrowed significantly. Cellular communications developed rapidly and spread from the center to peripheral areas: access to mobile telecommunications has increased by more than five times and indicators of outsider regions have moved closer to those of the national leaders. Access to fixed telephony also grew, though regional differences were almost unchanged.

Some trends have been less promising. Wage inequality between the genders remains high: in 70% of Russia's regions it has increased in the past five years, including underdeveloped regions where it used to be insignificant. Neither the government nor the general public have shown commitment to full-scale female representation

in politics. Rates of tuberculosis incidence and mortality from the disease have been almost unchanged even in European Russia, which traditionally has better living conditions, while in eastern regions, with their social marginalization and worse living conditions, these figures have been growing.

The Chapter also looks at clearly negative regional trends. Acquisition of resource rent by wealthier social groups has increased income polarization in nearly all regions of the country. Polarization is evident in living conditions as well as in incomes: the problem of unfit housing is getting worse, particularly in regions where the share of dilapidated and dangerous housing was already high. Centralization of tax incomes leaves cities without funding for infrastructure development, while increase of federal financing for relocation from dilapidated and dangerous buildings has not produced any results yet. Economic growth has been accompanied by increased emissions from stationary sources, especially in resource-mining industrial regions. Only Moscow and St. Petersburg have succeeded in reducing industrial emissions, but rapidly increasing road traffic is the main source of pollution in those cities. The number of people with HIV/AIDS is growing, with the basic risk factors being drug addiction and underdeveloped social infrastructure of Russian cities.

The chapter calculates the Human Development Index (HDI) for 2008, which brought the decade of economic growth to an end. Despite the crisis, HDI progressed well in 2008, since impact of the crisis only reached Russian regions at the end of the year. The crisis caused slowdown or stagnation of HDI growth in many regions as compared with 2007.

CHAPTER 1.
SEEKING A LONG-TERM STRATEGY FOR RUSSIA

1.1. A new stage in Russia's development: concern for the long term

Revival of interest in long-term national and international social and economic development issues was an important outcome of Russia's achievement of macroeconomic and political stability at the start of the 21st century. These issues had disappeared from social and political agendas during the 1990s – the first post-communist decade – when the attention of policy makers was focused on overcoming a severe crisis and creating basic government institutions, which had been almost entirely lost after the collapse of the USSR. The return of political and economic stability created the need for strategy. The recent international economic crisis added to the uncertainty of national development, but the interest in strategy has not weakened. On the contrary, the crisis has emphasized Russia's urgent need for comprehensive modernization and innovative development, making long-term considerations even more relevant.

At the end of 1999 Vladimir Putin, as Head of the Russian Government, called for preparation of a Social and Economic Development Strategy for the coming decade. The strategy, the first to have been developed in post-communist Russia, was prepared by summer 2000 and served as the basis for government policy over the next few years, remaining an important point of reference up to the present.

Subsequently, as President of Russia, Vladimir Putin has used addresses to the Federal Assembly to outline a number of key long-term goals, which have been the basis for action by executive government: doubling of GDP within a decade; eliminating poverty; and modernizing the armed forces. These are complex goals and they are not purely economic, social or military in nature. Their implementation requires a large-scale modernization effort in all sectors and all aspects of contemporary Russian society.

The programme goals of Dmitry Medvedev, who was elected President in 2008, are specifically oriented to identifying and addressing long-term tasks. The concept of Russia's Social and Economic Development up to 2020, approved soon after his inauguration, and the commitment, made in 2009, to technological innovation in the national economy are both long-term strategies. Five priorities have been set for putting Russia on the road to technological innovation:

- Energy efficiency and energy saving, including development of new types of fuel;
- Nuclear technologies;
- Space technologies, primarily in the field of telecommunications (GLONASS and ground-control infrastructure);
- Medical technologies;
- Strategic information technologies, including creation of supercomputers and software.

Longer forecasting periods are increasingly prevalent in Russia's economic and political life. The government is developing medium-term programmes, with 3-4 year horizons, for its own activities and for national development. The concept of a three-year budget, correlated with a respective forecast and with existing medium-term programmes, is now on the agenda. Much is being done to increase budget efficiency, with a focus on medium-term benchmarks for ministries and government departments to increase living standards and competitiveness of the national economy.

These benchmarks are based on a system of objectives developed by the government, which consists of four key groups:

- Raising living standards and quality of life;
- Increasing the level of national security;
- Providing high and sustainable levels of economic growth;
- Creating potential for further development.

Concurrently with these government initiatives, Russian research centers and public organizations have become increasingly concerned with long-term development issues. Institutions pursuing such a course include the Institute of the World Economy and International Relations (IMEMO) of the Russian Academy of Sciences, the Institute for the Economy in Transition, the Institute of Economics of the Russian Academy of Sciences, Club 2015 (an association of managers and entrepreneurs), and others. The UN Development Programme has also made an important and valuable contribution to the debate, by compiling a version of the Millennium Development Goals adapted for Russia (Box 1.1).

These points show a clear consensus that now is the time to address the country's long-term problems. The decision by Russia's Ministry of Foreign Affairs and the Russian UNDP Group to dedicate 2005 and 2010 NHDRs to goals and priorities of Russia's development up to 2015, and to link them to MDGs, appears fully justified. Suitability of this time horizon for both researchers and businessmen is increasingly apparent: it is distant enough to allow new developments to be used as the basis for business strategies, but close

BOX 1.1. UN Millennium Development Goals adapted for Russia

The Millennium Development Goals (MDGs) system was proposed by the UN to evaluate the efficiency of promoting the Human Development Policy in various countries. All 189 UN member states have pledged to reach these goals by 2015. The MDG system has a three-tier configuration and eight key development goals, which are, in turn, split into more specific, measurable tasks. Moreover, a set of statistical indicators has been developed for each of the 8 key development goals, thus making the total number of statistical indicators 48. Introduction of the time scale (1990-2015) and usage of actual figures showing value deviations in the reporting period are an important feature and they are the main difference between the MDG system and other international and national indication systems.

MDG priorities are based on the concept of development of human potential, but their choice and definition of specific goals reflect the importance and urgency rating of certain social issues. UN MDGs adapted for Russia were presented in the 2005 NHDR. The national goals and tasks are set up as follows:

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 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 & 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.

enough to prevent vagueness in discussion of national development trends.

Significant modification of MDG goals and factors to take account of Russian specifics is another feature of the present report (the goals and factors were originally designed for developing countries). The report deals with an MDG+ system, which, though preserving the main MDG concept, is amended and adapted for national specifics. This approach has also been used for other countries, such as Poland and Thailand.

As will be shown, countries with different levels of social and economic development require very different modernization policies. Agrarian and urban societies, post-communist and post-authoritarian countries, Asian, African, Latin American countries, and ex-USSR republics all require very specific actions to overcome underdevelopment. Even the term 'underdevelopment' means different things in each case. However, this point cannot detract from the importance of formulating MDGs and identifying paths to their achievements. MDGs are a valuable methodological tool, enabling the intellectual and political efforts of different countries and international institutions to be united for solutions of critical challenges faced by the world at the start of the new millennium.

The first point to be grasped for a proper understanding of MDGs is the motive for their creation, namely the desirability and necessity of establishing a number of points or benchmarks, which can be used to measure development levels, and to assess the direction and efficacy of a country's social and economic policy.

Absolute values and trends are both important in this respect. Absolute values enable international analysis through measurement of the development level in each county, while trends indicate the efficacy of government action. The MDGs can also be used to help increase budget efficiency or for development of result-oriented budgeting systems, which are now the object of intensive work in Russia.

Inclusion of explicit goals and targets in the system of state regulation both improves efficiency of national expenditures, and creates a major incentive for restructuring national mechanisms and institutions. It encourages a new dialogue between the state and society in selection of priorities and directions for development, which, in turn, helps to build civil society and furthers democratization. This chain of incentives operates with considerable inertia, but the overall trend is undoubtedly positive.

1.2. The current stage of modernization in Russia

While recognizing the importance of long-term forecasts and scenarios of a country's social and economic development, it is essential to take account of various key factors that determine the nature of such documents and make them applicable in practice. Such factors are, primarily, the level of the country's socio-economic development and, secondly, the type of challenges faced by the country. We will attempt to explain what this means for Russia today.

Evidently, modernization is a long-term goal for every country at present. But 'modernization' is a broad term, which says too little about a country's specific development issues. There are at least two large groups of tasks in the modern world, which can both be described by the term 'modernization', but which require qualitatively different actions by government. In this respect countries can be divided into a *first group* with low levels of social and economic development, where the agrarian sector is predominant. Dominance of agriculture specifies their economic status, but also defines their political, social and cultural institutions. The *second group* consists of countries with high levels of economic development, total literacy and predominantly modern economic and political institutions.

Clearly, modernization policy differs greatly between the two groups. The first group needs industrialization and gradual urbanization, i.e. formation of the basic institutions for modern economic growth. The second group exhibits the challenges of the post-industrial world: the need to transform industrial structuring of the economy (and of political life as well) into a post-industrial structure.

Confusion of these two approaches can only disorient researchers and politicians, and this must be fully understood in development of the MDGs, which are designed to draw attention to key social and economic development issues of specific nations. While recognizing the importance of the MDGs, we should never forget that differences between the challenges facing some underdeveloped countries (e.g. in Africa, some parts of Asia and Latin America) and those facing post-communist nations are not only quantitative, but – and to a greater extent –qualitative. Both groups of countries have to grapple with challenges to their educational or healthcare systems, and the problem of poverty, but we should always remember that these are

quite different levels of challenges and quite different scales of poverty. Naturally, they also require different sets of actions.

This is not to say that differences between social and economic modernization policies make it impossible to develop general principles (directions) for action by government to achieve sustained development in a country seeking modernization. MDGs are precisely intended to provide a general methodological basis for such policies.

Turning specifically to Russia, we need to comprehend the country's unique status, determined both by the nature of its challenges and approaches to dealing with them. But 'unique status' should certainly not be understood, as it often has been understood in the past, as referring to certain national, cultural and religious specifics, which make Russia unlike other countries. What we are referring to are specifics, which reflect the level of the country's social and economic development, and Russia's experience, accumulated in past decades, of rising to technological and structural challenges.

Russia in the early 21st century is a country striving to transform an industrial society into a post-industrial society. The crisis of an industrial society was the reason for negative development tendencies in the USSR for the past 10-15 years. This crisis was similar to the severe transformation crisis which struck Western nations in the mid-1970s, while laying the foundation for post-industrial development. The USSR could not (and would not, because of abundant petro-dollars) initiate substantial structural reforms, which ultimately led to the collapse of the whole communist system. Unfortunately, these structural problems persist and will continue to dominate discussion, development and implementation of Russia's economic policy in the coming decade.

The nature of structural problems that faced Russia in the last quarter of the 20th century, and which continue to play a determining role for the country, can be compared with the problems facing the most developed of Western nations. However, this is only one side of the issue. Although the USSR enjoyed moderate levels of social and economic development, it faced a number of challenges more common to less developed economies — particularly concerning the role of political institutions and well-being of the people. A modern post-industrial system requires not only well-developed technologies and educated labor forces, but also adequate political and social institutions. At the time of its collapse, the USSR had no democratic institutions such as an independent court system, civil society, legal and (more importantly) legitimate private property, independent press, and other important elements of a functioning infrastructure leaving Russia unprepared to manage the shifts in technology and political systems. There are no precedents for a post-industrial society without political democracy

At the same time, it would be a mistake to think that all the problems are political or technological. Russia's regional differentiation makes MDG approaches to overcoming underdevelopment relevant for the country in several instances. Although Russia exhibits a moderate level of social and economic development overall, several Russian regions could benefit from sections of the MDG system, which were developed for poor countries and regions of the world. Critical issues relevant for constituent territories of the Russian Federation, include combating extreme poverty, reduction of mortality (especially child mortality), access to school education, stagnating social stratification, youth unemployment, opportunities for women to participate in economic and social life, and prevention of AIDS, tuberculosis and other diseases. In addition there are issues of sustainable development and development of telecommunication and transportation infrastructure. All these issues are touched upon in this report, and ambitious goals such as doubling GDP or creating a modern post-industrial economy are senseless without the resolution of these problems.

Therefore Russia's fundamental objective is, in fact, a combination of technological, economic, humanitarian and political goals. The difficulty of linking them occurs in the objective differences of the speed with which they can be achieved. Despite this difficulty, technical and economic issues can be resolved fairly quickly, by preparing and passing the required economic legislation and by attracting foreign investors to high-tech sectors. But this will, at best, produce small islands of stability in a sea of social and economic instability.

Dealing with humanitarian and political problems is a more complex task. Sustainable development of business requires political transparency, including proper observance of laws, guarantees of personal safety and inviolability of private property, as well as an efficient and just law-enforcement system (consisting of courts and law-enforcement agencies). These tasks cannot be accomplished by law-making: they require accumulation of experience and traditions, and the

transformation of a corrupt system into a just and efficient one.

Development of human potential is an equally challenging issue. There are, strictly speaking, two types of problems. On one hand, there are issues described by the MDG system as pertinent to poor countries: the spread of infectious diseases and existence of regions with stagnant poverty and low life expectancy. On the other hand, there are the healthcare and educational crises which also affect the most developed of countries. The extreme importance of modernizing the healthcare and educational systems in Russia is generally acknowledged. But though it is not universally understood that the health and education crisis in Russia is structural rather than financial. It is not that government invests too little in development of health care and education (as well as in science and other sectors related to development of human potential), but that organizational principles of these sectors need to be transformed to address the challenges of modern society, i.e. an aging society that makes increasingly higher demands on the quality of human assets. In these circumstances a simple increase in finance will not be effective. Deep structural reform is required to increase the functional efficiency of these sectors, and create institutions that are adequate for the current stage of national and international development.

The lack of positive international experience constitutes another stumbling block in Russian modernization. Though Russian problems of social development are not unique, they are sharply contrasted against the background of the Soviet system. Most developed countries face similar issues from their transitional periods

1.3. Long-term strategy in the context of post-industrial challenges

Any attempt to develop a strategy of sustainable and accelerated development in a post-industrial world needs to take into account the trajectory of such a development discussions of current modernization in Russia often appeal to the experience of accelerated modernization in the 1930s, calling for selection of top-priority sectors and mobilization of all national resources to solve problems in these sectors. The appeal of this approach is quite understandable and is deeply rooted in the country's economic and political history. However, the attempt to carry it out would lead to heavy losses and defeat in the long run.

The mechanism of catch-up development in the post-industrial world differs substantially from the solution of similar problems in the era of industrialization. Specific features of the post-industrial system create additional difficulties for analysis. In particular, levels of uncertainty in all aspects of social life are much higher now than previously. This is due to two features of post-industrial society which make it dramatically different from industrial society: the dramatic increase in the speed of technological advance, which greatly narrows the time horizon of economic and technological forecasts, and the unlimited growth of demand and, thus, large increase in opportunities to meet such demand (materially and technologically). The result is a multifold increase in the scale of the economy and its growing individualization. Both demands and technological solutions are becoming increasingly individualized[1], leading to a general level of uncertainty.

This uncertainty entails the constant narrowing of time horizons for reliable forecasts on priorities of technological development at national and sectoral levels. In the industrial era it was possible to outline growth priorities for 20-30 years, which, if met, would enable a country to join world leaders (as demonstrated by Germany in the 19th century and, later, by the USSR and Japan). Unfortunately priorities are changing too quickly. The attempt to outrun the world in per capita production of computers, develop production programmes for the world's best airplanes or telephones will ultimately fail Governmental abuse of the notorious strategic planning concept has been described as F. Hayek as "a dangerous arrogance", which serves only to maintain the technology lag.

In the same way that generals are always preparing to fight the battles of the last war, so structural forecasts are always oriented towards past experience, particularly the experience of those who are reputed to be 'leaders'. Such an approach was viable during the industrial era, when concepts of progressive business structure and segmental priorities remained unchanged for several decades at a time.

It is more important now to correctly identify a country's advantages. As occurred in the early stages

[1] Some estimates allocate not more than 30% of all production in developed countries to mass production, the balance is attributed to small-batch production (between 10 and 2,000 articles.) for specific groups of customers. The production cycle has also become much shorter (Global Community: The new system of coordinates. – SPb, Alteya, 2000. – p.170).

of its present economic growth, Russia should drop an approach based on preconceived and pre-programmed breakthrough sectors, and concentrate on identifying factors, which are most decisive for the country in its current circumstances.

Individualization also determines the importance of decentralization. Economies of scale, which were highly important for an industrial society, are losing their significance in the post-industrial world. Naturally, economies of scale and the role of large centralized companies remain important where mass production is still in place, but the increasing prominence of science and its application in the economy and social life reduce positive potential of centralization.

The most important function of government is no longer to concentrate resources in priority development sectors, but to provide the conditions for economic agents (companies) to grasp development trends and take account of them in their business. Adaptability of the economic system becomes a more important condition of success than ability to mobilize material and human resources, which was a point of pride in the USSR.

Adaptability of society depends on the realization of human potential and the creative initiative of all agents, and is almost impossible to achieve when their initiative (both economic and political) is suppressed. Freedom of creation, freedom of information flows, and freedom of individuals to have access to these flows are the most important pre-requisites for a breakthrough. So the country needs political and economic conditions, which are favorable for development of its people's intellect. To rephrase a Soviet slogan: freedom becomes the direct productive force in society.

Specifics of the post-industrial era account for the outburst of liberalism, which has continued for the last quarter of a century and was romantically referred to by Dr. Fukuyama as "the end of history"[2]. The directive is not the final and ultimate victory of liberalism, but the present development level of productive forces and corresponding successful modernization models which are based either on liberal economic policies (as in the developed Western countries) or on a tendency towards liberalization (as the growing South-East Asian economies). The situation is similar in modern Russia: despite differences between the slogans and declarations of successive Russian governments since 1992, they have all based their action on principles of economic liberalism. The most striking example was the government of Yevgeny Primakov, which, despite its strongly anti-liberal rhetoric, followed the recommendations of liberal politicians, and in some instances, e.g. budget and monetary policies, was even tougher and more consistent than the right-wing liberals of previous cabinets. This offers an interesting parallel with the way in which, at the time of triumph of developed industrialism in the early 20th century, not only the Bolsheviks, but almost all pre-revolutionary Russian governments, as well as all Western governments followed the ideas of centralization and dirigisme.

The following major aspects of economic policy need to be reckoned with in the post-industrial phase of modernization. Naturally, they apply to modern Russia as well:

First, the rejection of industrial policy, in its traditional sense, of long-term sectoral priorities, established by government for the concentration of effort and resources. All efforts so far in this direction have failed, because there is no objective criterion for establishing sectoral priorities. Politics should not be guided by 'setting of priorities' or by 'choice of winners', since the import of such policies can only be to preserve established proportions and since attempts to realize the policies in practice are hijacked by sectors with the best lobbying resources. It is more important to achieve *timely adjustments of sectoral structure*, by which government policy (including foreign policy) tends to protect businesses, which achieve success in international competition.

Second, prioritizing flexibility and adaptability of the economic system, and the ability of economic agents to respond quickly and adequately to current challenges. Adaptability replaces resource concentration as the main reference point of state policy. Adaptability is more important than formal indicators of economic development, as measured by average per capita GDP.

Third, limitations of long-term forecasting and the importance of ensuring maximum system adaptability makes it reasonable to suppose that a country, which is engaged in catching up with leading world economies, should exert less budget pressure on its own economy than leading economies. This is a major difference between the modern world and the industrial era, when catch-up countries needed to accumulate much larger resources in their budgets than countries which had already achieved high levels of industrialization.

[2] F.Fukuyama, The End of History and the Last Man. – M. Yermak, 2004.

Fourth, investments in human potential are of great importance both to government and to private business. This applies most of all to education and health care. In addition to its humanitarian content, the latter can have an important multiplicative effect. It makes sense to assert, albeit tentatively, that healthcare can play the same role in the modern world as railroad construction in late 19th century industrialization.

Fifth, the state should focus on improving the efficacy of democratic institutions and law enforcement. Economic policy will not produce results and even the best economic legislation will remain merely words without strong and just courts, which enjoy respect, public confidence, and the insurance of implementation of laws and court rulings, without mass media state activity in the economy and state participation in financing business projects will be a mere waste of money, unless judicial and law-enforcement systems operate properly.

Sixth, lowering of administrative barriers to business activities. This issue is partly covered by the previous point (increasing efficiency of the law-enforcement system), but special measures aimed at deregulation are also required. It should be noted that barriers facing business in modern Russia are not new. Practically all of the issues, which now plague the business community (abuse of power by official bodies, corruption, difficulties registering a company etc.) were widespread a hundred years ago. The pre-revolutionary Russian statesman, Serge Witte, summarized similar entrance barriers in a memo to Tsar Nicholas II. The only notable difference seems to be restrictions, which prevented Jews from moving around the country and trading freely, which Witte notes as one major obstacle to business development. These restrictions were withdrawn in the 20th century[3].

Seventh, ensuring a sufficient level of openness in the economy. This needs to be reinforced by a foreign policy oriented towards creating and stimulating the appearance of new, high-technology sectors, and deeper processing of traditional export products. Openness of the economy is also an important tool for the prevention of large financial and industrial groups monopolizing the country's economic and political life. The Russian approach to talks on WTO accession should be oriented to post-industrial breakthrough and not merely to protecting "our producers". This also applies to talks on creation of a Common European Economic Space.

These issues only represent the basis for a successful modernization policy and are necessary, but not sufficient prerequisites for a breakthrough. Each successful modernization project is unique, and depends on the ability of political leaders and the intellectual elite to find solutions, which can lead to a breakthrough in the given country at the given time[4]. All these means are resistant to theoretical analysis and forecasting, so the art of economic strategy was and remains a key factor in development of a breakthrough strategy,. Only the economic historians of the future will be able to clearly summarize why some countries succeeded in their modernization projects, while others ended in failure.

1.4. Priorities for economic policy up to 2015

Economic modernization and diversification are universal priorities in social and economic development, however, modernization is a chronic issue, which needs to be the object of special public discussions. Its main source, in addition to various theoretical developments and practical recommendations, is a demand for modernization from the elite or from the whole of society.

However, the prevailing Russian situation of instability, makes rent-oriented behavior the rule of the day and the driving force in politics, based on hopes for recovery of energy prices and cash flows of the previous decade.

Another important point that needs to be addressed is the complex nature of modernization, which can no longer be limited to specific sectors of the economy (such as the defense or even to the economy as a whole. Modernization is a complex issue, which has to embrace all major aspects of social life. To

[3] S.Yu. Witte, On the Status of our Industry. Loyal report by the Minister of Finance // Marxist Historian, 1932, # 2/3, pp. 131-139.

[4] Identifying precise recipes for rapid economic development was very difficult even in the industrial era. One of the most vivid examples is the history of industrialization in Russia and Spain in the 19th century. Both countries regarded railroad construction as the backbone of industrialization, which would stimulate growth in other sectors. But actual outcomes in the two countries were very different. In Russia railroad construction did indeed stimulate industrial growth, leading to the creation of large new enterprises and even of whole new sectors. But railroad construction in Spain stimulated industrial growth… in France, due to close proximity of the two countries and specific features of their economic and political life. This outcome could not have been foreseen prior to industrialization, however inevitable it may appear with hindsight.

be successful in modern Russia, modernization has to penetrate the economic, political and social spheres simultaneously, and thereby engender a cultural (ideological) renaissance.

The key features of an economic policy that targets anti-crisis modernization would be as follows:

First. Ensuring macroeconomic stability, by lowering inflation and maintaining a level under 5%, and by developing strategies for gradual reduction of fiscal support of the economy and e budget deficit. Monetary and budget measures should be coordinated in order to prevent uncontrolled growth of monetary supply and a new inflationary spurt in 2011-2012.

This is connected with the contours of monetary policy, which should be designed with to the intention of making the ruble into a regional reserve currency. Such an objective may seem remote, but it can be achieved in the medium term on condition that serious mistakes are avoided today. In constructing monetary policy for the crisis period, it is important to avoid any measures which could postpone achievement of the reserve currency objective (such as uncontrolled inflation and introduction of currency exchange regulation). A stage-by-stage programme needs to be developed for strengthening the international position of the ruble. It would not be appropriate to tie this programme to specific dates, but its parts should be logically interconnected.

Second. Increasing budget efficiency. This is a complex problem, which needs to be resolved by action in several directions, including:

- development of mechanisms for prioritization of expenditures, which would supersede the tendency to rapidly increase expenditures in boom periods and make severe cuts in periods of crisis;
- improvement of the budget process and ensuring its continuity, so that expenditures are tied to actual provision of works and services, instead of being constrained by a formal calendar-year format;
- reformation of budget-funded institutions to distinguish state-run, budget-funded and self-financing institutions, and to change their financing mechanisms;
- improvement of the interaction between state and private business;
- improvement of the government procurement system.

Third. Changeover from a policy of protecting existing jobs to a policy of stimulating the creation of new jobs and workforce mobility. This requires a cessation of government pressure on business, to maintain employment numbers; increased financing for unemployment welfare and retraining programs; intensification of efforts to attract investments, stimulating green-field investments (including fiscal incentives) and other forms of job creation; and development of relocation and job search programs for people who live in stagnating single-industry cities.

Measures for social stabilization should adhere to the principle that government helps people, rather than companies or their top managers or owners. Support for people should not be confined to paying welfare, but should also promote various types of educational or professional training. Calls to support production companies (particularly large ones) are often justified by the large numbers of people employed. The goals of structural renovation of the economy do not permit retention of all of existing companies and current levels of employment. Modernization will inevitably entail an increase of unemployment and a 'jobless recovery'. Support for redundant labor is a mandatory element of modernization policy.

Fourth. Institutional reforms of sectors with key importance for development of human potential such as healthcare, education and the pension system. Further increase of budget financing for these sectors is senseless unless they are subjected to deep institutional reforms. Far from diminishing the importance of such reforms, the crisis, by its structural nature, has shown the importance of developing the social and humanitarian sector as a key aspect of and foundation for modernization.

Fifth. Stimulating modernization and development of medium- and long-term credit for mid-sized and small ('non-oligarchic') business through the implementation of a privatization program in their favor, major deregulation of business procedures, and reduction of administrative pressure on business (particularly medium-sized and large business), including tax amnesties and rules for service provision by government.

Sixth. Anti-monopoly policy and promotion of competition. Anti-monopoly (anti-trust) policy has very limited application and can even be damaging when it stifles innovation such as when it is enforced against rapidly growing new sectors or enterprises. Anti-trust policy alone cannot attract new companies to the market or stimulate investments and innovation. These goals can only be achieved by positive actions,

working in support of business and not against it. The priority must be to create conditions for the development of competition through lowering barriers, developing infrastructure, and supporting innovation.

Seventh. Reformation of the financial sector with due regard to globalization of financial markets and G20 recommendations. Reformation of the financial sector should address the shortage of 'long money'. Institutional change should aim at meeting standards applied in the world's leading financial markets. Creation of an international financial center in Russia (Moscow) is an obvious benchmark for the reformation of the national financial market.

Achievement of such a goal will require decreasing barriers to foreign capital (including foreign capital flows to the financial sector; creation and upgrading of the regulatory framework for development of derivatives and forward financial instruments), accounting for lessons of the recent crisis, and also of recommendations by the Federation of Small Business and BIS; giving equality to forward contracts with delivery and without delivery; liquidation netting, forwards booking, and the development of a Russian ISDA-type standard for forwards contracting; etc.

Eighth. Privatization of a part of the assets, which have been nationalized or purchased by Vnesheconombank, *inter alia* through the creation of share funds or their transfer to the trust fund of the pension system. Taking advantage of the current situation to overcome consequences of the revolutionary privatization of the 1990s, which, though extremely effective politically, failed to ensure legitimacy of newly created private property. In other words, Russia should be prepared for a new stage of asset privatization, this time offering more socially efficient solutions.

Ninth. Development of integration processes, starting from the transformation of the Customs Union between former Soviet republics into a Common Economic Space (CES). In creating the CES, seeking harmonization with EU legislation (to the extent that this does not harm economic growth), will expedite the process of integrating the CES into the European Community. Equally important is the finalization WTO talks and entrance into the OECD *Tenth*. Clarification of approaches to the reform of the pension and health insurance systems such as creating measures to increase social demand for the pension savings system, Increase of long-term financial stability of the redistributive system, increasing periods of transition to new rates and tariffs.

Eleventh. Enhancing the country's spatial development brings increased emphasis on innovation in territorial organization of the economy and transformation of single-industry cities, whose social and economic risks were thrown into stark relief during the global crisis.

1.5. Social and economic development risks up to 2015

The global crisis and the efforts to overcome it focus their attention on several considerable risks to a sustainable social and economic development.. These risks are relevant both internationally and domestically.

The greatest risks are:

- Macroeconomic destabilization;
- Major growth of the state sector (mass privatization) and moral hazards, which tend to perpetuate existing economic patterns;
- The tendency to preserve the status quo and refusal to conduct genuine modernization of the national economy and of specific enterprises ('business as usual');
- Revival of 'Big Government' ideology and practice.

The crucial problem is the accumulation of potential for macroeconomic instability, which may lead to political instability.

During 2009 many leading nations followed an expansionist bulgetary and monetary policy in an effort to combat deflation. The policy of cheap money and budget injections leads to serious growth of national debt in many developed market economies and makes inflation a high probability in the long run. Ways and means of reining in inflation and reducing state debt (exit strategy) are already emerging in discussions by politicians and economists, although many voices also doubt the possibility of inflation spinning out of control. Political difficulties arising from such a policy are also evident, and they relate both to the timing of an exit strategy and to the political and economic consequences of its implementation. Politicians from developed countries (especially from the USA) urge their colleagues not to stop budget stimulation efforts, pointing out that premature abandonment of budget expansion can throw economies into a recession, as in 1937. However, prolonged pumping of money into the economy, can carry certain developed countries

into the zone of high inflation[5]. The 1970s revealed the difficulties of escaping such a trap. Russia, with its uneven macroeconomic 'credit history', should be even more wary of the risks of financial or monetary destabilization.

It is even more difficult to assess the political- and economic obstacles, which arise during policy implementation following a period of expansionist anti-crisis measures. The tightening of budget spending and interest rate is a painful process, regardless of the current authorities, but it is particularly dangerous for young democracies, i.e. for countries where an (often impoverished) electorate is prone to believe populist slogans. A glance at the current behavior of governments preparing for elections, shows a trend towards populism, even among those who initially actively opposed it. Politicians resistant to state expansion have become extremely rare[6].

The risk of sliding into the vicious circle of populism should not be underestimated. The essence of the trap is fairly simple as demonstrated by 20th century Latin America. Budget and monetary expansion promote economic growth, but at the same time lead to the growth of state debt, inflation and interest rates. Demotivation of industrial investments ensues due to the depreciation of money or because investments in state securities become more attractive. Stiffening of budget and monetary policies followed by recession, is the next step. Recession may lead to the relaxation of macroeconomic policy, thus the process can be repeated in a number of cycles. These vacillations inevitably weaken government institutions and the efficiency of the state. In institutionally weak countries, the populist economic cycle is often accompanied by political takeovers[7], with populist and conservative dictatorships replacing each other at the helm of power. While the experience of the 20th century is not an absolute model, it provides important indicators of the development of the situation.

Nationalization, as such or de facto, and an upsurge of dirigist trends in economic policy of the world's leading nations represent a serious threat. By saving debtors and filling banks with capital and raising guarantees for retail deposits, the state shoulders the bulk of the risk produced by the major players of economic life – bankers, depositors and borrowers. In trying to combat the global crisis, many developed democratic governments are taking measures, which discredit private property and undermine the basic principle of a market economy, namely responsibility of economic agents (businessmen primarily) for the decisions taken. The state is ready to shoulder private risks, i.e. the policy of nationalizing losses makes nationalization of risks into the inevitable next step.

Companies are brought under the wing of the state during hard times by provision of financial aid. Nationalization occurs in three modes: buying out a company's debts, recapitalization in exchange for shares, and inflation of accrued liabilities. It has been particularly common practice for governments to accept all of the financial liabilities of financial institutions, by providing guarantees or by direct capital injections. However, the current nationalization differs in that it is forced rather than occurring naturally through ideological motives as in the 20th century. Their authors, from the Russian Bolsheviks to the British Labour Party, were convinced that state property was more efficient than private property. By the late 20th century the world had overcome that illusion and mass nationalization had been replaced by policies of deregulation and privatization. The current situation is a phenomenon because no one considers state property an institution, that is able to provide economic efficiency. Nevertheless, anti-crisis policy

[5] The Annual Report of the Bank for International Settlements "highlighted two main risks: first, that not enough will be done to ensure a durable recovery from crisis; and second, that the emergency action to stabilize the financial system will undermine efforts to build a safer system" (See: Giles Chris. BIS calls for wide global financial reforms // The Financial Times, 30 June, 2009, p.3).

[6] It is worth noticing that Vladimir Putin and Dmitry Medvedev were among the small group of politicians who expressed concern about populist anti-crisis measures. As early as February 2009, speaking in Davos, the Russian Prime Minister warned against uncontrolled government expansion in property ownership and regulation. And at the G8 summit in July the Russian President proposed limiting state financial interventions and starting a serious discussion on exit strategy.

[7] The description in the 1990s by R. Dornbusch and S. Edwards of a Latin American populist cycle is considered to be a classic of its kind: Phase I: populist policy, which starts as a countermeasure for depression or stagnation, produces significant growth of the economy and, eventually, of real incomes, which are satisfied by domestic production and imports. Phase II: emerging economic 'bottlenecks', related mostly to commodity deficit or balance of payments deficit and accompanied by gradual shrinking of international reserves funneled to support the currency exchange rate. Phase III: rapid growth of inflation and/or the commodity deficit, and of the budget deficit, outflow of capital and demonetization of the economy, which inevitably leads to devaluation, significant reduction of public incomes and almost always to the loss of political control by the government. Phase IV: transition to orthodox stability, implemented by a new (often military) government. (R.Dornbusch, S.Edwards (eds.). The Macroeconomics of Populism in Latin America. Chicago and London: The University of Chicago Press, 1991, p.11-12).

worldwide leads to significant expansion of the state sector[8].

Coupled with the straightforward increase of government control, there has also been an increase in dirigisme, i.e. when government institutions make individualistic decisions, instead of leaving such decisions to the market, government has ruled on who is right or wrong in economic affairs, and on what services and goods should be produced. The bankruptcy of Lehman Brothers , on the one hand, and aid to Bear Stearns, AIG and CitiBank, on the other hand, are difficult to interpret from the market point of view and are the result of individualistic decisions, i.e. they correspond to the logic of a centrally-managed economy.

There are systemic risks associated with the appearance of market players, who are *primi inter pares*, i.e. who are treated as 'too big to fail'. Modern Russian economic jargon refers to such companies as 'system-generating enterprises' and two arguments are used to justify their support: first, they produce very important commodities or services; and, second, their closure could have severe social (or even political) consequences.

Evidently, there have always been enterprises, whose failure would lead to social and political problems for society. But the main postulate of modern economic growth is that businesses and companies appear and disappear in the process of competition. Competition and refusal to allow any agents to be 'sacrosanct' is the basis for modern economic progress and, more broadly, social progress. Agents who are supported become privileged and are able to defeat competitors, who are in fact more efficient.

There is also another problem. In the second half of the 20th century there was wide acknowledgement of the role of small businesses as a source of dynamism and innovation (the 'small is beautiful' concept), but the actions taken by most developed countries at present suggest that, no matter how beautiful small businesses may be, being big is safer . This can dramatically change the paradigm of economic growth by stalling (for some time, at least) the dynamism of post-industrial renewal.

There is also a risk of moral hazard. When government helps to reduce the risks of a private company, that company can afford to become more reckless, because it can count on support from government.

The current policy of governments is to a significant extent aimed at saving yesterday's giants. This is particularly apparent in the guarantees issued by the Russian government in 2009. Hardly any of the recipients of state guarantees or funding have offered viable modernization programmes.

Another serious problem associated with the 'too big to fail' paradigm is the resurgence of 'Big Government' ideology. Problems of the current global crisis arise from insufficient regulation, followed by calls to increase state intervention in economic life.

Though the current discussion is mostly about stricter regulation of financial markets and institutions, including on the international level, the next step could be the regulation of production and trade. Russia, with its traditions of state participation in economic affairs, could be particularly prone to such a course. The law on retail trade, which was passed in Russia in 2009, and the government's willingness to interfere in the price-making process create a dangerous precedent in view of the country's record of dirigisme.

Criticism of the liberal model of the last 30 years has led to increasing support for the theory that government interference in the economy can prevent economic damage from running out of control. Proper analysis, however, suggests that such a view is far from evident, since state regulation bears inherent systemic risks. As John Taylor[9] of Stanford University has written: 'National leaders call for the creation of strong regulatory bodies. But the US government in itself is the most serious source of risks', and his words are applicable not only to the US government, but to states in general.

The final point, which has to be acknowledged, is an evident lack of demand in Russian society for genuine renewal and modernization. Instead, there is a desire for re-establishment of the status quo: recovery of prices for Russian exports (fuel and energy resources and metals) and return to the pre-crisis growth model.

"Moscow is trying to get through the crisis without significant reformation of its budget sector, the banking system, natural monopolies and other sectors, hoping to restore the pre-crisis status quo based on increasing oil prices, and to postpone tightening of budget policy until an indefinite time in the future"[10], concluded JP Morgan analysts, who visited Russia in June 2009, and

[8] "…Political labels have lost their meaning. When governments of different views start nationalizing banks and inflate the economy with cash, what is the difference between left and right, liberals and conservatives, socialists and capitalists, Keynesians and monetarists?.." (J. Thornhill, A Year of Chocolate Box Politics // The Financial Times. December 24, 2008, p.6).

[9] John Taylor. Exploding debt threatens America // The Financial Times. May 27, 2009, p.9.

[10] Russia. Emerging Markets Research. JPMorgan Securities Inc. June 12, 2009.

summarized the dominant attitude of the political elite and of the public fairly accurately. Public opinion linked the economic growth of 1997-2007 with prices for oil (gas and metal) and links the present crisis with the same causes. Naturally, the way out of the crisis is seen in the rising prices for energy resources. The hope that 'set to default value' and we will return to a policy of "managing prosperity" remained dominant last year.

However, addiction to sale of resources is a dangerous phenomenon, and it has attained a menacing foothold in the last four decades. Russia's economy has always been dependent on export of resources, but since the 1970s the country has lived with a new reality, in which income from natural resources has become disassociated from the country's economic development and level of productivity. This has not been the case in previous centuries, and it represents a major strategic threat. Such resource addiction is of a different order from the raw-materials basis of the earlier Russian economy, when agricultural products were the backbone of national exports. Political risks of modern resource addiction are very high, because it causes degradation of principal social institutions. Resource addiction has already led to the disintegration of the Soviet Union, which began precisely when the country had once again become a superpower and immune to threats[11].

Systemic problems and challenges mean that the crises, which the world encountered in 2008, could last for as long as ten years. This does not entail a decade of recession, but it does mean that we face an extended period of instability in growth rates, currency regimes and political systems. It is highly probable that we have entered a 'decade of turbulence'.

A decade of turbulence will not involve the constant presence of recession and anxiety, experienced in the Fall of 2008. Russia will see fluctuations of growth rates, unstable growth with local rises and falls, inflation spikes and efforts to suppress them.

1.6. Conclusions and recommendations

Revived interest in issues of long-term social and economic development is an important result of Russia's achievement of macroeconomic and political stability at the start of the 21st century. Today's benchmarks are based on a system of targets developed by the Russian government, consisting of four main groups: raising living standards and quality of life; improving national security; ensuring high rates of sustainable economic growth; and creating potential for future development.

This report covers the significant modification of MDGs and their application for Russia. The introduction of actual goals and targets in the system of government regulation motivates the reconstruction of the mechanisms and institutions of responsible government.

Making society adaptable to changes during the crisis and during the recovery period requires development of human potential and creative effort of all agents. Freedom to create, freedom of information flows, and freedom of individuals to have access to these flows are the most important pre-requisites for economic stimulus because of the need to create political and economic conditions that favor the country's intellectual growth.

Modernization and diversification of the economy is the key priority of social and economic development. Modernization is a long-term issue, which needs to be the object of discussion by the public. In order to be successful in today's Russia, modernization must simultaneously encompass economic, political and social aspects, enabling a cultural (ideological) renewal. The global crisis and efforts to overcome it have demonstrated a number of serious risks to sustainability of social and economic development in the period to come. In particular, Russia's propensity to maintain the status quo entails expectations of price recovery for exports (fuel and energy resources, metals) and return to the pre-crisis model of economic growth. Political risks of the current addiction to resources are very high, because it results in degradation of principal social institutions. This is a conceptually new phenomenon.

Priority social and economic policy actions for achievement of anti-crisis modernization are as follows:

- Providing macroeconomic stability;
- Increasing budget efficiency;
- Transfer from a policy of job protection to a policy of creating new jobs and encouraging workforce mobility;
- Institutional reform of sectors with key importance for human development potential – health care, education, and the pension system;

[11] This phenomenon was noted by Adam Smith, who wrote that "the rate of profit does not ... rise with the prosperity, and fall with the declension of the society. On the contrary, it is naturally low in rich, and high in poor countries, and it is always highest in the countries which are going fastest to ruin." (A.Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, M. Eksmo, 2007, p.282.)

- Stimulation of modernization and development of medium- and long-term credit for medium-sized and small ('non-oligarchic') business;
- Anti-monopoly policy and promotion of competition;
- Reforming the financial sector with due account for globalization of financial markets and G20 recommendations;
- Privatization of state property, including privatization of assets which were effectively nationalized during the acute phase of the global crisis;
- Development of integration processes, starting with completion of the Customs Union of ex-Soviet republics in the form of a Common Economic Space (CES);
- Clarification of approaches to reform of the pension and health insurance systems;
- Enhancing the process of Russia's spatial development.

CHAPTER 2.
POVERTY, ECONOMIC GROWTH AND THE CRISIS IN RUSSIA IN THE FIRST DECADE OF THE 21ST CENTURY

2.1. Adapting MDGs to Russian conditions and development targets

Reduction and elimination of extreme poverty were defined as top priority development targets in the Millennium Declaration. The relative nature of poverty and lack of universal criteria for measuring it in all countries and at different stages of historic development require adaptation of the general criteria for success in fighting poverty to specific national socio-economic development features. This was done for Russia in the 2005 Human Development Report, issued by UNDP. Specifically Russian features were defined as follows: on one hand Russia, while being a country with average development level, has not been able to banish extreme types of poverty; on the other hand, extreme poverty is not a mass phenomenon, and 'poverty' in Russia usually refers to wealth standards, which are higher than those associated with absolute definitions of poverty. The national poverty line is equal to the minimum subsistence level, whose structure and composition are determined by respective legal acts. Therefore national MDG monitoring for Russia includes not only the extreme poverty standards, which were developed by the UN for MDGs, but also national indicators of extreme and general poverty.

As a result, the following system of indicators for measuring MDG progress in fighting poverty, was proposed for Russia:

Target 1, 'Halve, by 2015, the proportion of extremely poor people'. Success should be measured by the following progress indicators:

- Proportion of people living on less than $1[1] a day;
- Proportion of people living on less than $2.15[2] a day.

Target 2. 'Halve, by 2015, the proportion of people suffering from hunger'. Success should be measured by the following progress indicators:

- Proportion of undernourished people;
- Proportion of undernourished families among all families with children.

Progress indicators for reduction of poverty measured against the national poverty line.

- Proportion of people with incomes less than the minimum subsistence level (criterion of general poverty);
- Proportion of people with incomes less than 50% of the minimum subsistence level (criterion of extreme poverty);
- Share of consumption by the poorest 20% in total consumption (criterion of relative poverty).

The first and third criteria are recommended to be used for monitoring development progress with regard to Target 1, while the second criterion serves the same function for Target 2.

The proposed system of monitoring indicators was adapted not only to conditions of social and economic development in Russia, but also to national capabilities for statistical monitoring of the level, depth and profile of poverty. It is important to note that Russian official statistics do not measure the share of the population living on less than $2.15 a day (converted into the national currency at purchasing power parity). Monitoring of these indicators can be based only on assessments by the authors using the quarterly Household Budget Survey (HBS) data produced by Rosstat. Until 2005 purchasing power parity of the national currency against the US dollar was assessed on the basis of official Rosstat data. Authors' assessments are applicable for later periods. Measurements of current consumption are based on the amount of disposable resources, which is calculated as the sum of the cost of natural revenues and spent cash. Annual assessment of extreme poverty is on the basis of Q3 data on disposable resources .

Proportion of underweight children under 5 years old is one of the recommended basic indicators for monitoring progress in fighting extreme poverty. It is the criterion for monitoring the proportion of undernourished children. Russia does not monitor this indicator, although, as can be seen below, the problem has not been eradicated in Russia and will be monitored by the indicator of the proportion of undernourished families among all families with children.

The MDG1 targets, quantitative assessments of their indicators and forecasts can be found in the Attachment.

2.2. The National Poverty Reduction Strategy in the decade since 2000

In the first seven years since the millennium Russia saw rapid growth of real per capita incomes (Figure 2.1), which outpaced growth of GDP. Real personal incomes in 2007 had grown by 2.7 times, real wages by 2.6 times, and real pensions by 1.7 times compared with 2000, while growth of GDP in the same period was only 1.6 times.

[1] US dollars are converted into rubles at purchasing power parity
[2] US dollars are converted into rubles at purchasing power parity

The global financial crisis, which hit Russia in the middle of 2008, has cut growth of average per capita incomes. By December 2008, real average per capita incomes had declined to 88.4% of their level in the previous December. In 2009 the market situation and measures taken by the Russian Government as part of its anti-crisis programme stopped the dramatic fall of average per capita incomes, despite significant drop of industrial production and GDP. In December 2009 real per capita incomes were 101.9% of the December 2008 level.

During the period of economic growth the National Poverty Reduction Strategy was mostly based on growth of wages and expansion of specific social security measures for certain vulnerable groups. The minimum wage, which in January 2001 was 13.2% of the minimum subsistence level of the average working-age person, had increased to 78% of that indicator by January 2009. The social security system has undergone two major restructurings aimed at increasing incomes of senior citizens and families with children under 18 months. Both of these reforms affected personal incomes and were regarded as measures contributing to the overall National Poverty Reduction Strategy.

Measures for supporting senior citizens were expanded during benefit reform (under way since 2005), which included 'monetization' of benefits in kind (free medicines, etc.), through institution of a monthly cash payment for entitled groups, of whom 95% are senior citizens and people with disabilities. Introduction of this allowance gave an increase in the share of social allowances in aggregate cash incomes (Table 2.1) and at present half of funds allocated for social allowances are spent on this monthly cash payment.

Starting from 2007 the new policy of supporting families with children provided for doubling of the minimum child care allowance for children under 18 months of age in case of a first child and quadrupling of this allowance for the second child. According to new regulations every mother (father) with a child of up to 18 months old has this right, while previously this right was granted only to employed mothers (or fathers). The new family policy has increased the share of social allowances in overall personal incomes.

The social support component of the Government's anti-crisis programme was the next step in the National Poverty Reduction Strategy. Steps in 2009 were as follows:

- Doubling of the minimal wage in January 2009;
- Increasing the maximum unemployment benefit by 1.5 times;
- Increasing wages of employees in the budget-funded sector;
- Several pension increases;
- Increasing several social allowances through indexation;
- Additional measures to reduce labor market tension in some administrative regions of the Russian Federation:

Figure 2.1. Progress of real average per capita cash incomes, wages and pensions, %, 2000 = 100%

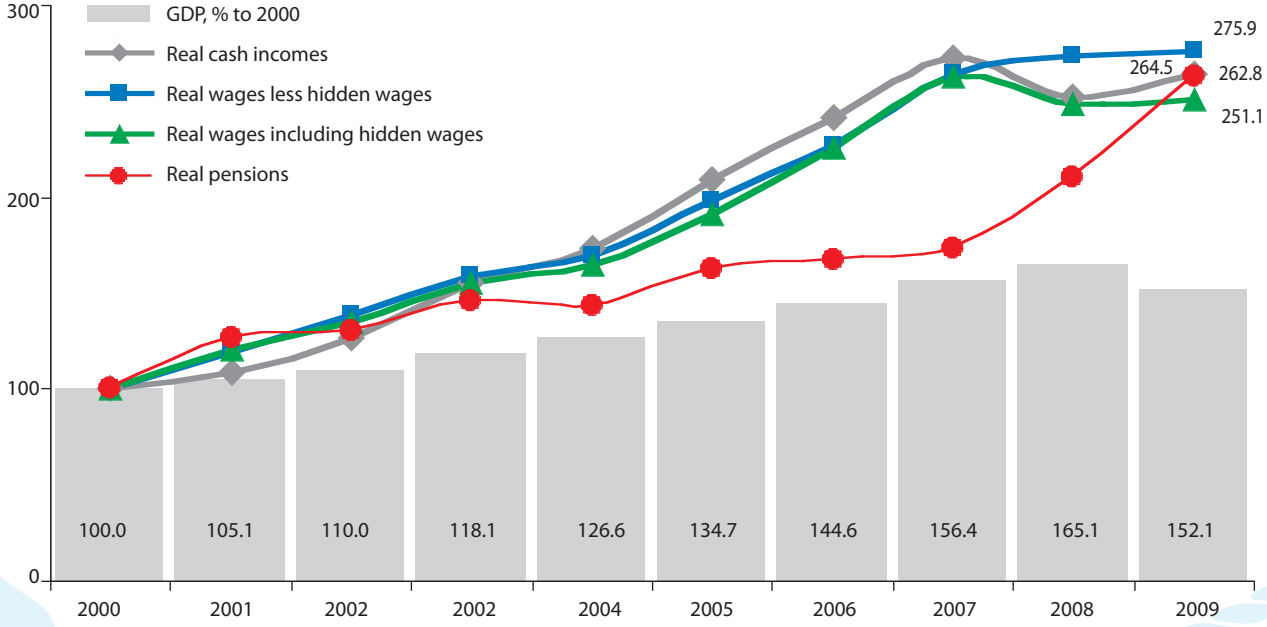


Table 2.1. Changes in the structure of allowances paid to Russian citizens

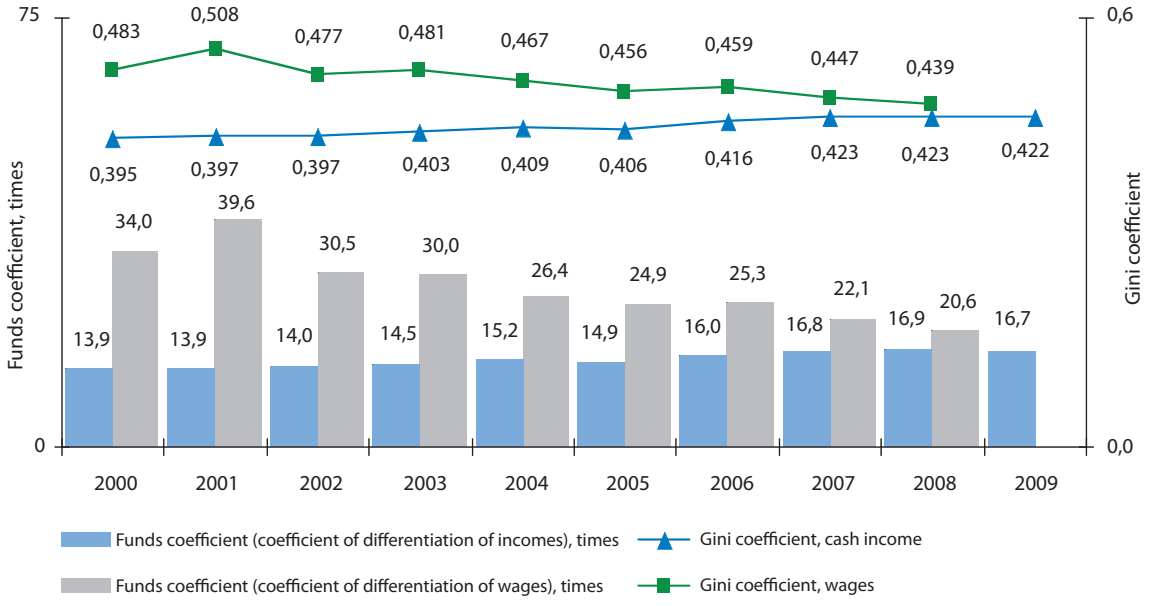
	2000	2001	2002	2003	2005	2006	2007	2008
All allowances, % of total amount of incomes	2.0	1.8	1.9	1.6	2.3	2.7	3.0	3.3
All allowances, % of which:	100	100	100	100	100	100	100	100
- temporary incapacity, %	42.8	49.3	48.8	49.9	20.7	17.4	16.6	16.2
- mother and child , %	33.8	34.9	33.8	32.4	14.7	12.4	18.9	20.1
- unemployment benefit, %	8.0	7.3	8.3	9.2	5.2	4.2	2.5	1.9
- monthly cash payment instead of privileges, %	-	-	-	-	53.5	61.3	56.3	59.3

1) advance professional training of employees in view of possible mass layoffs; 2) organization of social and temporary work; 3) support for relocation to find new work; 4) supporting development of small business and self-employment.

Most of these measures, except welfare increase and reduction of labor market tension, are not traditional measures for a crisis recovery period and they were only included in the anti-crisis package because they had not been carried out in the period of economic growth. This refers particularly to growth of minimum wages and pensions, which had seriously lagged behind income and average wage growth. In general, anti-crisis measures prevented a collapse of wages and achieved a significant increase of pensions even in 2008, when problems were most acute. In December 2008 the average real salary was 101% of its level a year earlier, while the average pension was 124.1%. In December 2009 these indicators were 97.2% and 123.6%, respectively, in comparison with the end of 2008.

Before concluding our review of main poverty reduction policy measures, we should take note of two important issues. The first is connected with differentiation in personal incomes, which is an important indicator of general economic development levels. Data in Figure 2.2 show that poverty reduction measures in the period of economic growth were accompanied by a growing income gap. This income

Figure 2.2. Differentiation of incomes and wages



differentiation stems from wage differentiation, which currently exceeds overall income differentiation by 1.7 times (according to the Funds Coefficient, which give the income ratio between the 10% of households with highest incomes and the 10% with lowest incomes). Such a development shows that budget sector wages, the pension system and social support programmes were growing more slowly than wages in market-driven sectors during the period of economic growth.

Another specific feature of the Russian Poverty Reduction Strategy is absence in the analyzed period (2000-2009) of significant progress in extreme poverty elimination, despite the fact that such actions were recommended for medium and well-developed countries by the Millennium Declaration. Elimination of extreme poverty is usually achieved through implementation of targeted programmes for the poor. Until 2009 Russia had two programmes, which were intended to combat extreme poverty: (1) monthly allowances for children from poor families, and (2) regional targeted allowances for the poor. In 2008 average size of the allowance for children from poor families was 255.9 rubles per month, which is 50% below the poverty line, as defined by a daily consumption level of $1 per day at purchasing power parity. This is the most extreme of all generally accepted poverty definitions, and the Russian allowance for children from poor families fails to protect against it in case the allowance is the only source of household income. Russia does not monitor regional targeted allowances for the poor. The only available information is that they are available to 1-2% of the population and not all recipients have incomes below the national poverty line. Usually such allowances are not regular and do not affect annual incomes and the standard of living of the recipients. Later in this chapter we will show that Russia was able to make significant progress in reducing extreme poverty mostly due to the effects of economic growth and interfamily distribution of incomes, and not as a result of social protection programmes for the poor. This model of success has proved unsustainable since the onset of the crisis, which has been accompanied by growth in the number of those in extreme poverty.

Some progress in development of dedicated programmes for the poor is expected in 2010, with the introduction of a new targeted allowance for senior citizens, equal to the difference between the regional minimum subsistence level and size of pension. But this measure will only affect extreme poverty if a large share of those in extreme poverty are pensioners. Other positive effects are expected from planned government social programmes for the poor, which will be based on a social contract principle, involving certain obligations on the part of the state and some mutual covenants with regard to economic and social activity of the recipients. This targeted anti-poverty strategy will be tested through pilot programmes in various administrative regions until 2012, before being applied nationwide.

In the first decade of the 21st century Russia's efforts to combat poverty relied on the effects of economic growth and moderate development of social programmes, which did not focus specifically on people in extreme poverty. Development of dedicated programmes to help the poor is scheduled for the coming decade.

BOX 2.1. Russia's Food Security Doctrine

On January 30, 2010 the President of Russia signed a decree, 'On approval of the Food Security Doctrine of the Russian Federation'. Some sections of the Doctrine are dedicated to fighting poverty in Russia.

Food Security includes, among other things: '… availability and affordability of food products, meeting technical specifications under Russian law, in quantities corresponding to rational consumption norms for active and healthy life'. (Section 1, Paragraph 5).

As regards consumption, food security indicators are to include: household resources per group of population; per capita consumption of food; amounts of dedicated assistance; daily nutrition norms; amounts of fats, proteins, carbohydrates, vitamins, macro- and microelements required per person per day, and the consumer price index for food products.

The food security mechanism is to be developed simultaneously with development of state social and economic development forecasts, and a mechanism is to be put in place for dedicated aid to social groups whose incomes are inadequate for healthy nutrition.

Russia has a long history of large-scale state purchases of food, and therefore has the physical and institutional infrastructure for rapid implementation of the proposed measures as part of the National Food Security Programme.

Alexander V. Akimov, Dr.Sc. (Economics)

2.3. Progress towards targets of the Poverty Reduction MDG

What has been the impact of policy measures, which have been implemented, on extreme and general poverty trends? This question can be answered by analyzing trends of poverty indicators, that were specifically developed to measure achievement of the Poverty MDG. As stated above, official statistics do not monitor extreme poverty in accordance with UN standards, so authors' estimates based on Q3 data of Household Budget Surveys (HBS, conducted by Rosstat on a quarterly basis) are used here. This means that homeless families and individuals without a fixed address are left out of account. Such people are particularly vulnerable to extreme forms of poverty, but the scale of these phenomena in present-day Russia are not known.

Target 1, 'Halve, by 2015, the proportion of extremely poor people'. Development of general and national indicators of extreme poverty is shown in Table 2.2 and indicates significant progress in this area between 2000 and 2009. Although the existing system of social programmes in Russia does not guarantee that current consumption will exceed the extreme poverty line ($1 per day at purchasing power parity), such households were no longer detected among HBS respondents in 2009. At the start of the period under consideration, such households were about 1% of all respondents, so there is justification for claiming that the most extreme forms of poverty, associated with hunger in countries with warmer climates and inability to survive in countries with harsher climates, have been eliminated.

The second extreme poverty line developed by the UN is set at $2.15 per day. It is recommended for countries with cold climates and is applicable for Russia. According to HBS data, the share of Russian citizens living below this extreme poverty line in 2000 was 8.3% (see Table 2.2). HBS data are biased towards poor households, and application of data generalization procedures suggests a share of 6-7% of the total Russian population living below the poverty line of $2.15 per day in 2000. The share of households living on less than $2.15 per day dropped by 10 times in 2000-2009, which means that this form of poverty was almost eradicated in the period of economic growth (at least, among people with a fixed address). However, the existing social support system has proved inadequate to prevent a resurgence of this form of poverty in the crisis environment.

The national extreme poverty line, set at 50% of the subsistence level, corresponds to higher consumption standards. HBS data show that disposable resources of 16.7% of the population were below the national extreme poverty line in 2000 and this number had decreased five times by 2009. If these selective data are generalized, they suggest that around 3% of the population were rated as extremely poor according to national standards by 2009.

Table 2.2. Development of general and national indicators of extreme poverty, selective HBS data, Q3

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Proportion of people living on less than $1 a day (% of the population)	1.1	0.7	0.2	0.1	0.3	0.2	0.1	0.1	0.04	-
Development of the segment living on less than $1 a day, 2000 = 100%	100	63	15	2	23	20	7	8	4	-
Proportion of people living on less than $2.15 a day (% of the population)	8.3	5.6	3.6	2.7	2.5	2.1	1.1	0.4	1.4	0.9
Development of the segment living on less than $2.15 a day, 2000 = 100%	100	67.6	43.0	32.8	30.5	25.5	13.0	5.3	17.1	11.2
Proportion of people with incomes less than 50% of the minimum s ubsistence level, (% of the population)	16.7	14.0	11.5	10.1	9.3	9.7	6.1	4.2	4.2	3.7
Development of the segment with incomes less than 50% of the minimum subsistence level, 2000 = 100%	100	83.9	68.8	60.2	55.5	58.1	36.3	24.9	25.0	22.0

So, although the National Poverty Reduction Strategy did not prioritize support to extremely poor groups of the population, economic growth and new social support measures for senior citizens and families with children have significantly reduced numbers of those in extreme poverty. Extreme forms of poverty mentioned in the Millennium Declaration were eradicated. Nevertheless, absence of social programmes that guarantee protection from extreme poverty allow these forms of poverty to re-emerge during periods of economic crisis. Extreme poverty as measured in accordance with national standards has also significantly reduced, but there is still no basis to claim that it has been eliminated.

Target 2. 'Halve, by 2015, the proportion of people suffering from hunger'. Nutritional value of food products and the proportion of underweight children under 5 years of age are the most frequently used indicators of undernourishment or hunger. Data on household nourishment in calories, based on HBS data, are regularly published by Rosstat. Comparison of these data with the norms of the minimum consumption basket (average 2268 kcal per capita per day) gives us the proportion of the population, which is undernourished. This indicator can be regarded as the criterion of undernourishment. According to HBS data, in 2000 around 40% of the population consumed less calories than required (see Table 2.3) and 60% of the population suffered from protein deficit. In 2000 the average daily consumption level was 2 390 cal per capita, which was verging on undernourishment[3].

Officially published data on consumed calories do not include consumption away from home, which adds about 20% to overall consumption. Taking this into account and generalizing HBS data, comparison of energy value of consumed food in 2000 with the norms envisaged in the minimum consumer basket suggest that this form of poverty was relevant to 15% of Russia's population. It should be mentioned that the calorie consumption standard used significantly exceeds the level of 1500 calories, which is considered essential for metabolic functioning[4]. Calculations suggest that about 3% of Russian citizens were undernourished in 2000.

Consumption indicators show significant progress in elimination of undernourishment as a form of extreme poverty, matching the positive trend of monetary indicators of poverty. Generalizing selective data (Table 2.3) and adding calories consumed out of the home, we find that 7% of the population were undernourished in 2009 as measured by the calorie count of the minimum consumer basket, while 2% of the population consumed less than 1500 calories, which is the lower limit for proper metabolic functioning.

It should be specifically noted that undernourishment is common among children: 6% of children did not consume enough calories in 2008. This value is calculated by assuming even distribution of food products between all household members. Families probably try to provide better food to their children, so that scale of child undernourishment would be smaller. But one out of every five children has a protein deficit, which impairs ability to grow and develop. Such forms of poverty could be eliminated by introducing food certificates for the poor. Russia's economic, social and institutional development makes such a programme viable, but it has not even been on the agenda until now.

Development of indicators for reduction of poverty, as defined by the national poverty line. The national poverty line in Russia is set at the minimum subsistence level, whose monetary value is decreed by the Government on a quarterly basis. Calculation of the minimum subsistence level is based on a concept of absolute poverty, and the minimum consumer basket is calculated using specific rules. Structure of the basket is reviewed and every five years and enshrined in a federal

Table 2.3. Per capita average calorific value of food products in households, kcal/day

Decile groups by disposable incomes	2000	2001	2002	2003	2004	2005	2006	2007	2008
Group I (lowest disposable incomes)	1190	1394	1491	1527	1505	1505	1836	1897	1879
Group II	1568	1758	1835	1870	1886	1886	2140	2187	2160
Group III	1816	1997	2070	2114	2109	2109	2323	2343	2337
Group IV	2050	2217	2282	2298	2299	2299	2447	2498	2468

[3] FAO uses the food energy value of 2,200 kcal p.d. per capita to determine countries with sufficient and insufficient availability of food products

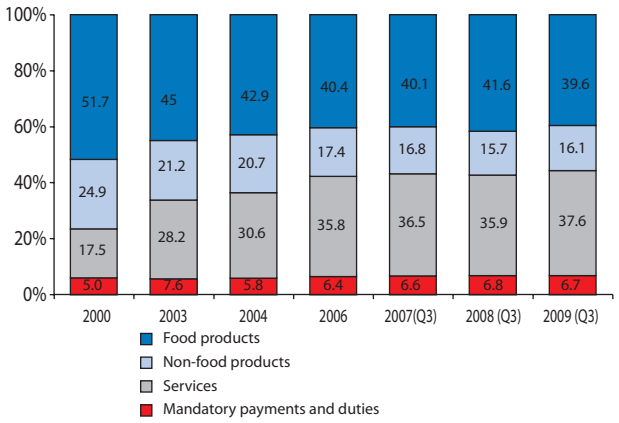
[4] A.Baturin

law. Structure of the basket was reviewed twice in the analyzed period (2000-2010).

Federal law No. 201, 'On the consumer basket in the Russian Federation' (passed in November 1999), made extensive revisions to value of the minimum consumer basket from 2000[5]. According to the previous methodology, in force since 1992, the minimum consumer basket included food products combined in 11 aggregate groups, with minimum consumption levels that were intended to provide required calorific value (nutrients) for various population groups. Its money value was based on the average purchase price. Expenditures on non-food products, services, and mandatory payments and duties were determined for inclusion in the basket on the basis of: (1) value of the food basket; and, (2) the share of these expenditures in general subsistence costs, calculated using HBS data about spending structure. The share of food products in the basket was thus fixed at 57.2%. However, the share of non-food products and services in the 2000 subsistence minimum was not calculated by their share in the budget of the poorest groups of the population, but was based on the price of a fixed range of products and services[6]. This raised value of the non-food component in the basket by 15% compared with the result obtained using the previous methodology. The changes raised the minimum subsistence level by 25% for pensioners, 20% for children, and by approximately 12% for people of working age[7].

Federal law No. 44, 'On the consumer basket in the Russian Federation' (March 31, 2006) kept the method for estimating value of the subsistence minimum the same, but the list of items was changed. Quality of the food basket was improved by reduction of bread and flour products and potatoes, and raising the share of fruit, meat and fish, milk and eggs. Consumption of drugs and sanitary products was increased for pensioners and children. Due to privileges monetization transport costs were added to the pensioners' basket (reflecting the abolition of benefits in kind, described in 2.2 above) and cultural costs amounting to 5% of monthly expenses for services were included in the consumer basket for all demographic groups[8]. This law was scheduled for adoption in 2004, but restructuring of the basket was

Figure 2.3. Composition of the subsistence minimum, 2000-2009



postponed for a year and all relevant by-laws were only adopted in 2007[9].

In 2000 the average subsistence minimum for all population groups was 1210 rubles, of which 51.7% was food products, 24.9% was non-food products, 17.5% was services, and 6.0% was mandatory payments and duties (see Figure 2.3). By 2007 the share of food products was significantly reduced while the share of services increased, reflecting faster growth of utility and transport prices. One effect of the 2008 crisis was faster growth of food prices, due to devaluation of the national currency. This increased the share of food products in the subsistence minimum. In 2009 prices for services grew more rapidly, so the share of services became larger in that year. In Q3 2009 the subsistence minimum was set at an average level of 5,198 rubles (5,620 rubles for people of working age, 4,134 for pensioners and 4,978 for children).

The share of people with incomes lower than the subsistence minimum is the main national criterion of poverty. This share has been decreasing steadily since 2001 due to the effects of economic growth. It halved between 2000 and 2007 when the poverty gap fell to 1.2% of total aggregate personal incomes (see Figure 2.4). With the poverty gap priorities in combating poverty could be shifted towards development of targeted programmes for supporting the poor, based on redistribution of incomes via taxes and allowances. But, as discussed above, Russia has not yet made this

[5] Incomes and Social Services: Inequality, Vulnerability, Poverty. Ed. L.N.Ovcharova, NISP – M. Publishing House of the Higher School of Economics, 2005, pp. 87-90

[6] Living Standards in the Russian Federation: Legal Basis for Overcoming Poverty. Ministry of Labor and Social Development, M – 2004.

[7] Proposals for the Poverty Reduction Strategy / International Labor Organization, M, 2002, p. 127

[8] Federal Law No. 44-FZ, dated March 31st, 2006, "On the consumer basket for the Russian Federation in general"

[9] i.e. the Decree of the Government of the Russian federation No. 342, dated June 4, 2007 'On the introduction of changes to guidelines for determining the consumer basket for the main socio-demographic groups of the population in the RF and in RF constituent entities'.

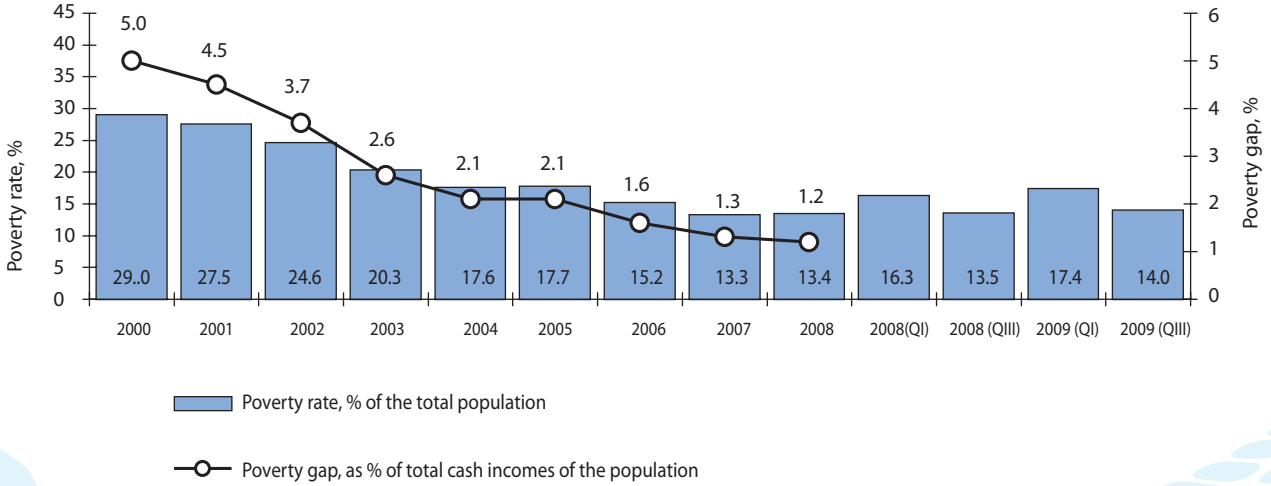
shift and the poor are not prioritized by the system of social support. The 2008 economic crisis caused resurgence of poverty: in Q1 2009 the share of the poor in the overall population rose by one percentage point compared with the same period of the previous year. However, the trend was less marked in Q2 2009 and the poverty rate in Q3 2009 was only 0.5% higher than the same quarter a year earlier.

Another important aspect is the poverty profile, showing groups, which make up the majority of the poor, and which groups are more at risk more of becoming poor and extremely poor. In the overall system of action against poverty, priority will be given to measures, which: 1) bring the largest number of households out of poverty; and 2) supporting the poorest groups.

Data shown in Figures 2.4 and 2.5 illustrate the following specifics of Russian poverty:

- Families with children and children themselves (under 16 years of age) are most at risk of poverty: in 2008 their level of poverty risk is 1.4 times the national average. Poverty risk increases with the number of children in the household and single-parent families are more often poor than full families. Despite measures to support families with children, taken in 2007, the gap between general and child poverty has continued to grow. Birth promotion measures have not had the effect of narrowing the gap between child and general poverty. The situation where child poverty significantly exceeds general poverty is not common to all countries. For example, poverty rates among children are lower than general poverty rates in Scandinavian countries and the two figures are roughly equal in some other European countries (France, Germany, Greece and Slovenia).
- Pensioners, on the contrary, have lower poverty risks, and their vulnerability to poverty continued to decrease during the period of economic growth, despite the fact that real pension growth in that period lagged behind growth of incomes and salaries. This phenomenon is caused by two factors: (1) a third of pensioners are in employment; (2) the social security system gives priority to senior citizens.
- Working people account for the biggest share of those in poverty and their share is not declining, despite increase of minimal wages. This group will only cease to account for the largest number of those in poverty when the minimum wage reaches at least 150% of the subsistence minimum, since, in that case, full families with one child and two minimum wages will escape from poverty. If the minimum wage is only increased to the subsistence level, which is the target of current policy, elimination of poverty will not be reached even for a family with the minimum number of dependants (one child in a family with two parents both receiving minimum wages). The income deficit of such a family will decrease, but the family will not escape from poverty. The most optimistic estimates show that, in April 2009, 25% of employed people had salaries below the 150% of the subsistence minimum wage level and 70% of them had children. As many as 37.4% of employed people had wages lower than 200% of the subsistence minimum, which provides minimum consumption for one child and one parent. So, even if both parents are working, they could not provide minimum consumption for two children.

Figure 2.4. Poverty rate and depth in Russia in 2000-2009



Setting the minimum wage at the level of the subsistence minimum, with both parents working, would only protect families with one or two children from extreme poverty.

- Other aspects of the Russian poverty profile are in line with the international profile: The rural population is twice more vulnerable to poverty than the urban population; and the unemployed, economically inactive, and recipients of social and disability pensions are most exposed to poverty risks.

Overall, despite halving of the level of poverty, the share of major socio-demographic groups in the structure of the poor population has not changed. People of working age are still the largest share of the poor, and young people are particularly exposed to risk of poverty, being more strongly represented among the poor than in the overall population. Children are most exposed to poverty risks, while senior citizens are less at risk of poverty than the overall population.

The share of the poorest 20% in overall consumption is another instrument for measuring progress in fighting poverty, and it also allows measurement of progress in combating inequality: the lower the share of the poorest 20% in consumption, the higher the levels of poverty and inequality in society. The data in Figure 2.5 show that this indicator was in a range of 5.8-6.1% until 2000, after which the share of the poorest 20% in overall consumption decreased, despite reduction of poverty. This means that the poor did not get priority access to the fruits of economic growth. This fact suggests further potential for reducing poverty.

Table 2.4. Structure of the poor population by groups, total poor population = 100%

Years	2000	2005	2008
Total population	100	100	100
By age group			
Children under 16, including:	23.6	21.1	22.3
Children under 7	6.0	6.5	8.4
Children between 7 and 16	17.6	14.6	13.9
Young people between 16 and 30	22.3	25.2	24.9
Males between 31 and 59	18.1	18.8	18.7
Females between 31 and 55	21.1	21.1	20.6
Males 60 and over	4.3	3.8	3.7
Females 50 and over	10.6	10.0	9.8
By place of residence			
Urban	-	61.4	58
Rural	-	38.6	42
By type of economic activity (for age groups 15 and over)			
Economically active, including:	-	60.2	61.4
Employed	-	58.4	59.7
Employed pensioners	-	3.5	4.2
Unemployed	-	1.9	1.7
Economically inactive, including:	-	39.8	38.6
Unemployed pensioners	-	15.0	14.3

Figure 2.5. Share of cash incomes of the poorest 20% of the population in overall incomes, 1970-2009

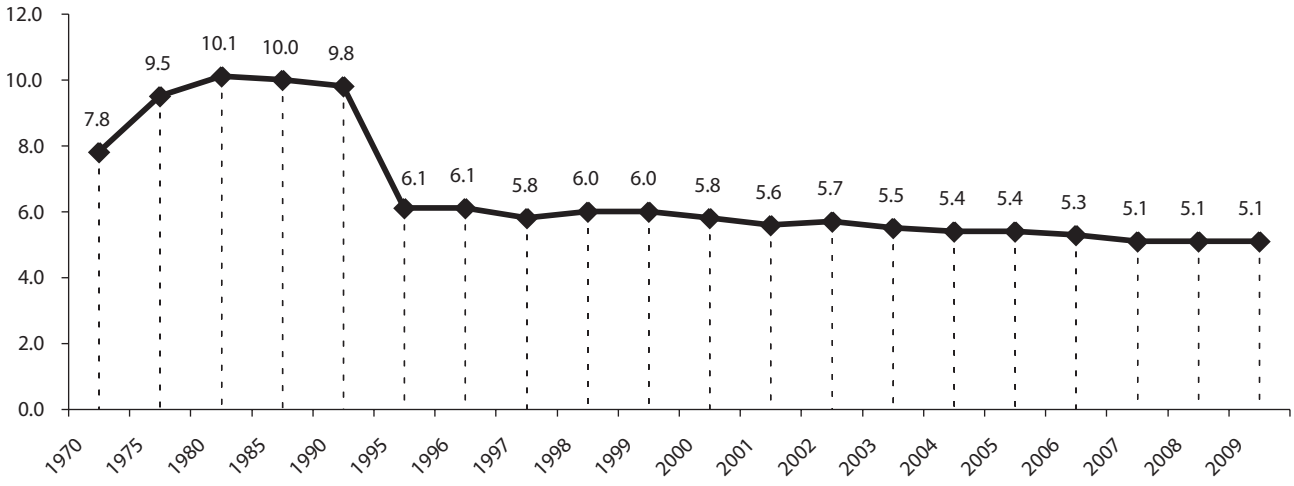


Table 2.5. Share of the population and of various groups with disposable income lower than the subsistence minimum, %

Years	2000	2005	2008
Total population	29.0	17.7	13.1
By age group			
Children under 16, including:	33.7	22.1	18.3
Children under 7	26.9	17.4	15.3
Children between 7 and 16	36.8	25.0	20.8
Young people between 16 and 30	28.9	18.0	13.2
Males between 16 and 30	26.5	17.3	12.5
Females between 16 and 30	31.2	18.7	13.9
Working-age population over 30	30.5	18.3	13.2
Males between 31 and 59	27.7	16.9	12.2
Females between 31 and 55	33.4	19.8	14.3
Population above working age	20.9	11.9	8.4
Males 60 and over	19.6	11.5	8.3
Females 50 and over	21.5	12.1	8.4
By place of residence			
Urban	26.8	16.0	11.0
Rural	34.9	22.4	18.9
By type of economic activity (for age groups 15 and over)			
Economically active, including:	-	16.4	11.2
Employed	-	16.0	11.0
Employed pensioners	13.2	6.6	4.6
Unemployed	-	42.5	27.7
Economically inactive, including:	-	20.1	17.8
Unemployed pensioners	-	18.5	15.2
Ratio of the share of children under 16 in poverty to the share of the overall population in poverty	1.16	1.25	1.40
Ratio of the share of people above working age in poverty to the share of the overall population in poverty	0.72	0.67	0.64

2.4. Possible forms of the National Poverty Reduction Strategy in alternative socio-economic development scenarios

Whatever the country's macroeconomic development course, poverty reduction measures are always a combination of two vectors:

- Promotion of economic growth and mobility of the economically active population in order to bring the families of employed people out of poverty;
- Creation of an effective support system for socially vulnerable groups (senior citizens, handicapped people, families with many dependents, families in difficult circumstances, such as refugees etc.), which would raise their living standards and economic activity.

In Russia, ending poverty among the economically active population depends on two key changes to social policy:

- Change from a policy of reducing unemployment to a policy of efficient employment;
- Change from a policy of creating low-paid, unskilled jobs to a policy of creating decently paid jobs requiring skills and qualifications.

Current labor market policy in Russia is geared to managing official (registered) unemployment (2,6% of the economically active population) in order to keep this rate low, without changing the employment pattern (92% of economically active population and 5,4% of non-registered unemployment). Preservation of old and inefficient jobs is prevailing over creation of highly productive, modern jobs. The current employment policy is, in fact, a counter-unemployment policy, which leads to preservation of the old, underproductive, archaic economic structure, along with formation and constant reproduction of a whole social group – the 'working poor'. Reference to the number of created jobs as a feasibility indicator for investment projects could be a first step towards efficient employment. Priority should be given to projects, which create more jobs with salaries exceeding the subsistence level by at least three times. High-quality re-training programmes for the unemployed are required, which concentrate on providing permanent employment in the infrastructure sector (construction, housing utilities, transportation, communications, etc.) and service sector (social services, etc.).

Better access to social security programmes for socially vulnerable groups could be achieved by:

- Switching from protection of large categories of the population to targeted support of socially vulnerable groups;
- Development of proactive forms of support for the poor.

During the structural crisis of the 1990s the low level of minimum wages and pensions encouraged an approach to social security 'by categories', which directed support to social groups that were most deserving and most affected by the crisis, regardless of their incomes. As a result 60% of Russian household were entitled to social privileges. Monetization of privileges eliminated most unfunded privileges, but retained the category

BOX 2.2. Social contract

In accordance with a Presidential Instruction, Main Guidelines for Government Activities up to 2012 (empowered by the Russian Government Decree No. 1663-r, dated November 17, 2008) and the Main Guidelines for Government Anti-Crisis Activities in 2010, some regions of the Federation will start an experiment in 2010 for provision of social support to low-income families on a contract basis. Regions, which volunteer to participate in the programme, will provide social support using new principles, based on signature of social contracts (social adaptation agreements). Local social security institutions will pledge to provide financial support to families, which actively seek employment, adhere to healthy life styles, care responsibly for their children, and refrain from anti-social behavior and crime. The programme will require coordinated actions by various municipal social security organizations (specialized in healthcare, education, guardianship, and law enforcement), in order to provide rapid and effective support to families including full medical assistance and (most importantly) assistance in escaping from social isolation.

Data provided by the Russian Ministry of Health and Social Development

approach to defining main recipients of cash allowances and benefits. At present over half of all funds spent on social security allowances, including insurance, is allocated to finance the monthly cash allowance to privileges beneficiaries. Existence of a large-scale social security system, which aims to support massive groups of the population without taking account of their incomes, blocks proper development of dedicated programmes for supporting the poor, which should perform the function (integral to a market economy) of reproducing high-quality human potential and preserving it in times of stress related to loss of income (due to child-birth, periods of physical disability, existence of many dependents, and prolonged unemployment). Over one half of poor households are not entitled to participate in those dedicated social support programmes for the poor, which are in place (housing subsidies, allowances for children from poor families, regional poverty allowances, etc.). Development of dedicated programmes for the poor will only come to the fore

BOX 2.3. Priorities for the national poverty reduction policy

A poverty reduction strategy needs to be based on an integrated approach that acts on all the different aspects of poverty. Priority vectors for government social policy are as follows:

1. Investments in human capital: These depend on development of state social services (healthcare, education, physical culture, housing). International practice shows the importance of such services in combating poverty, and they are not measurable in terms of income;

2. Active labor market policy and state support for efficient employment:

- Reduction of low-wage employment and marginal jobs, a range of measures to create new, decently-paid and secure jobs for the economically active population with guaranteed wages above the subsistence minimum;
- Strengthening ties between the labor market and professional training; adaptation of professional training to labor market requirements, diversification of educational programmes, training and retraining;
- Measures for unemployment prevention, particularly prevention of youth unemployment;
- Promotion of small and medium business, entrepreneurship and self-employment;
- Development of the agricultural sector, especially processing enterprises, and promotion of non-agricultural employment in rural areas are the main ways to create jobs, expand employment, raise incomes and reduce poverty in these areas;
- Improvement of working conditions (health & safety measures) are highly important, since injuries and accidents increase the threat of poverty for households.

3. Protection of personal incomes (wages, pensions, allowances, stipends):

- Increasing the amounts of main social guarantees provided under Russian law, particularly those which protect children, mothers, families, students and pensioners;
- Adjustment of minimum wages relative to the subsistence minimum;
- Activation of social partnership mechanisms;
- A policy to achieve parity or balance between wages in the budget-funded sector and the rest of the economy (convergence of average salaries);
- More effective use of taxation (transition from flat to progressive scales of wage taxation; introduction of

taxes on real estate purchases and luxury vehicles; introduction (increase) of property taxes and property income taxes).

4. Development of micro-credit infrastructure, which is widely used in many countries, including developed countries, can increase employment opportunities and personal incomes, and reduce poverty levels. Micro-credits are specifically aimed at poorer social groups, enabling people from these groups to start their own business in order to support themselves and their families. This institution is only just starting to develop in Russia.

5. Policy of tolerance towards the informal sector of the economy is especially useful in times of economic difficulties. International practice shows that at such times the informal sector can act as a 'shock absorber', providing extras sources of income to those who remain in official employment (through second jobs), and to large numbers of the unemployed or partially employed (people who have been laid off or been forced to work part-time). Informal employment helps to fill jobs that are insecure, unattractive or low-paid.

6. Social security is a key vector for fighting poverty and leveling economic inequality. It cannot operate properly in Russia without significant improvement of the social insurance and social support systems, expansion of their coverage and orientation to target groups. Transition is required to contract-based social support, by which allowances or benefits are provided in return for participation of able-bodied household members in employment and training programs.

7. Making households more adaptable, by raising levels of professional education and skills, quality and standard of education, ability to self-educate, enhancing motivation, promoting productivity and psychological preparedness to move location in search of work or enter another profession.

8. Making life healthier in the widest sense. Government policy should aim to give people equal opportunities from an early age and motivate them to lead healthy lives (healthy diet, physical fitness, sports etc.), and overcome addictions (smoking, alcoholism, drug abuse etc.).

9. Investments in child development: early development programmes, school catering, allowances to families with many children, appropriate policies towards orphanages and programmes fighting marginal behavior (begging, drug addiction, crime).

10. Policy for the homeless should be based on accepting people with no fixed address as equal members of society and trying to help them integrate with society through social support networks.

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when social support programmes that lack a mechanism for assessing income levels of recipients are curtailed.

A modernization scenario for socio-economic development requires adjustment of all social and economic programmes, including those for supporting of the poor. At present unemployment or partial employment of family members who are fit to work is a common phenomenon among poor households, which receive targeted social support. Passivity of social support programmes promotes reliance of recipients on social allowances as their main income, on one hand, and reluctance of Government to increase these allowances, on the other hand. This problem can be resolved when social support is provided in exchange for a social contract that requires social adaptation of unemployed family members who are economically active, with mandatory adaptation stages, such as professional training or retraining, active job search through employment agencies, etc. The social contract should be the dominating principle, inducing individuals to improve and use their labor potential. The contract conditions could include search for employment, participation in temporary public works, participation in rehabilitation programmes for alcoholics, participation in retraining programs or other types of work. Social adaptation contracts could combine low-wage employment with social allowances, creating a salary+allowance tandem. Reduction of the number of social security recipients who are not, in fact, poor and greater use of labor potential are the two major benefits of this social security concept.

Successful implementation of these vectors of the National Poverty Reduction Strategy will lead to significant reduction of poverty and inequality, as well as elimination of extreme forms of poverty. A system of indicators showing progress in this field up to 2020 is shown in Table 2.1.1 of the Attachment.

2.5. Summary and recommendations

By looking at trends in standard-of-living indicators and Russia's socio-economic policy from the point of view of MDG achievement we can make some conclusions about reduction of poverty levels thanks to economic growth. Growth of real salaries and pensions helped

some households, mostly those just under the poverty line, to break out of poverty. This applies particularly to poor households, whose members are in employments (the most numerous group with incomes below the subsistence minimum), and pensioner households. Rapid increase of wages and allowances for child care (up to 1.5 years), introduction of monthly monetary payments to privileges groups and a small increase of allowances for children from poor families helped to eradicate such extreme forms of poverty as living on less than $1 a day or $2.15 a day, recalculated into the national currency at purchasing power parity. However, the existing social security system lacks mechanisms that could block the resurgence of such extreme forms of poverty, as was seen when the economic situation deteriorated at the outbreak of the crisis in 2008. Guarantees of full elimination of such forms of poverty are only possible when dedicated programmes for combating poverty are implemented.

The program of support to senior citizens with pensions below the regional subsistence level, started in 2010, is a major step towards dedicated programmes for the poor. Such allowances are calculated as the difference between the regional subsistence level and pension entitlement. However, the group most vulnerable to poverty in Russia is children: 6% of children were undernourished in 2008. Anti-poverty measures should prioritize targeted programmes for families with children, which would at least guarantee minimally acceptable nutrition.

Targeted support to families with children should be based on principles that combine social allowances with incentives to economic activity for unemployed parents, helping to reduce parasitical attitudes. This can be achieved through programmes based on social contracting, when a family seeking an allowance assumes specific commitments with respect to children in the household. Such a system requires participating families to have some employment potential (unemployed or partially employed adults, who are fit to work) and/or property potential (land plot, second home, car, garage, etc). It is vitally important that only households, and not individuals, can act as parties to such contracts. Linking dedicated support to signing of a social contract will help to reduce instances where households with concealed employment receive social assistance. The system should be linked to support from various social agencies to participating families. Specific types of difficulties will be addressed using specific approaches.

ATTACHMENT

Table 2.1.1. MDG 1

MDG targets	MDG goals for Russia	MDG progress indicators	MDG progress indicators for Russia	2000	2009	2015 target	2020 target
Target 1. 'Halve, by 2015, the proportion of extremely poor people' (by purchasing power parity)	Target 1. 'Halve the general poverty level by 2015 and eliminate extreme poverty among non-marginal groups of the population'	Share of the population living on less than $1 a day	Share of population with income lower than the subsistence minimum, % of the total population	29	14	10	10
			Share of the population with available monthly resources lower than 50% of the subsistence level, % of the total population	17	4	0	0
		Resource deficit of the poor with the poverty line set at $1 a day	Share of the population living on less than $2.15 a day, % of the population	8	1	0	0
		Share of the poorest 20% in overall consumption	Share of the poorest 20% in overall income, % of total income	5.8	5.1	6.1	6.3
Target 2. 'Halve, by 2015, the proportion of those suffering from hunger'	Target 2. 'Provide poor population with access to food products'	Share of undernourished children under 5	The share of children under 5 undernourished due to lack of resources	5-7	No data	0	0
		Share of undernourished population	Share of the population consuming less than 1,500 calories a day	3	2	0	0
			Share of the population consuming less than 2,237 calories a day	15	7	5	0

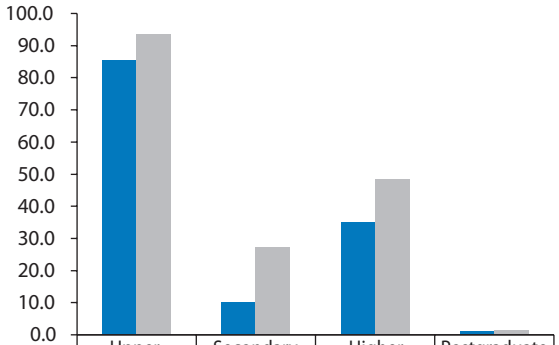
CHAPTER 3.
RUSSIAN EDUCATION IN THE CONTEXT OF THE UN MDGs: CURRENT SITUATION, PROBLEMS, AND PERSPECTIVES

3.1. Russian education and the Millennium Development Goals

Education issues receive special attention in the Millennium Development Goals. Education is a key resource for development of human potential and the economy, for improvement of people's well-being and reducing social inequalities, and its importance is only exceeded by the importance of eradicating poverty and hunger. Education issues also permeate other Goals, such as MDG Goal 3, 'To 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.

Formal analysis of the level of achievement of the Millennium Goals for education in Russia gives the impression that everything has already been done. Russia occupies a leading position in the world measured by educational attainment of population and the number of people who are participated in education. Suffice it to say that 47% of Russians have completed tertiary education, which puts our country second only to Canada (48%) and far ahead of many other countries.

Figure 3.1. The share of people who received education to various levels in total population of corresponding age groups in Russia and OECD countries, 2006



	Upper secondary education	Secondary professional (vocational) education	Higher professional (vocational) education	Postgraduate education
OECD countries	85.7	10.3	34.9	1.3
Russia	93.5	27.2	48.5	1.6

The share of population with higher education in Russia is higher than the average for OECD countries[1]. Russia is also a leader among OECD countries by numbers of people who have successfully completed education programmes at all levels (Figure 3.1).

Issues of gender equality in access to education are also no longer relevant for Russia: there is no major difference in education enrolment rates for boys and girls at all levels, except in higher education. However, the percentage of girls in higher education is up to 1.5 times higher that for boys.

The targets of raising educational attainment of population and equal access to education are given priority by the Millennium Development Goals not because these targets are important in themselves. In the modern world the level and accessibility of education is becoming a major source of economic growth and social welfare, and helps to create more equal opportunities for all social groups.

Therefore, in order to assess achievement of the Millennium Development Goals by the spirit (rather than the letter) of the MDGs, we need to answer the question: how large is the contribution of education to enhancement of social equality and welfare. For Russia, this means seeking an answer to the question: *how is it that, with such a high level of education, almost complete enrolment of boys and girls in secondary education and mass professional education, we have still been unable to reduce social inequality and have a standard of living far lower than the average in OECD countries?*

To answer this question we must ask:

1) Do all social groups have equal access to education of equal quality?

2) To what extent does the content and quality of mass education in Russia comply with present-day needs?

These questions define the standpoint, from which Russian experts[2] and UN representatives formulated the following MDGs for Russia (MDG +)[3]:

- To bring vulnerable social groups into the systems of education and socialization;
- To ensure participation in pre-school education for children from low-income families and children residing in rural areas;

[1] All international comparative data cited hereinafter are from 'Rossiyskoye obrazovanie v kontekste mezhdunarodnykh pokazateley -2009. Sravnitelnyi analiz' ('Russian education in the context of international indicators - 2009.Comparative Report), Sentyabr publishing house, Moscow, 2010

[2] 2005 HDR

[3] Millennium Development Goals in the Context of Russia (paper prepared by UN agencies in the Russian Federation in December 2004)

- To reduce the gap in funding and access to education between and within regions;
- To update the content of general secondary education towards development of practical skills and application of knowledge;
- To improve compliance of vocational and higher education with the modern economic environment and labor market.

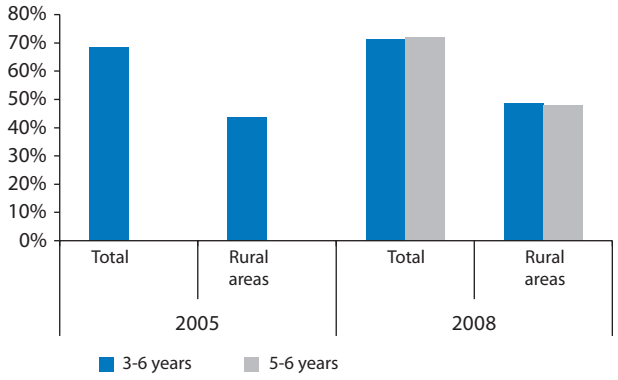
3.2. Goals and targets for development of Russian education in the spirit of the MDGs: results and prospects

Let us consider what has been done in recent years to solve problems in achievement of the Millennium Development Goals for education in Russia, and try to assess what more can be done in both the short and long term.

Involvement of vulnerable social groups in education and socialization

Unfortunately, statistics do not permit direct assessment of participation in education for physically challenged children in Russia: there are data on children who study at home and in educational institutions of various types, as well as on those who cannot be taught. But the absence of an organized nationwide register on children with special educational needs makes it impossible to accurately calculate the enrolment of such children. According to the Ministry of Education[4], 97% of registered physically challenged children are involved in education, and the remaining 3% cannot be taught.

Figure 3.2. Pre-school enrolment of children aged 3-6 (%)



However, we would emphasize that these numbers cover only registered children. There are no reliable data on the actual number of children with health disabilities in Russia. Public health service and social protection statistics do not agree with educational statistics. At a meeting of the presidium of the Presidential council for implementation of priority national projects and demographic policy on August 14, 2009, the Russian Health and Social Development Minister, Tatyana Golikova, said that the number of handicapped children was 545,000, which is 8,500 less than the number cited by the Ministry of Education.

Education is important for preparing physically challenged children for life, but socialization is of equal importance. International practice shows that the most effective instrument of socialization for physically challenged children is an inclusive education system, which allows students with special educational needs to be educated together with their peers, who are not disabled. In Russia, 25% of handicapped children attend regular school classes, and 28% of them learn in remedial classes at mainstream schools. For comparison, in OECD countries the share of children with special needs who are taught in regular classes in the total number of such students varies considerably, from 80% in Spain to 15% in Germany, but in most countries it exceeds 40%[5].

Ensuring participation in pre-school education for children from low-income families and children residing in rural areas

Pre-school education has become more available in recent years: the proportion of children enrolled in pre-school education has increased, albeit only slightly (Figure 3.2). However, the share of rural children in pre-school education is very low, lagging pre-school enrolment rates for children in urban areas by almost two times.

Reducing the gap in funding and access to secondary education between and within regions

Significant (and sustained) differences between levels of socio-economic development in Russian regions lead to differentiation between their educational systems by resource availability and quality of education. A vicious circle thus emerges: depressed regions have education systems that are worse resourced and provide educational services of lower quality than

[4] Interview by Minister of Education A. Fursenko to Novaya Gazeta, Novaya Gazeta №, September 10, 2009
[5] Students with Disabilities, Learning Difficulties and Disadvantages - Statistics and Indicators - ISBN - 92-64-00989-9 © OECD 2005

systems in more developed regions, this leads to further differentiation of human capital, competitiveness and investment attractiveness of regions and, ultimately, to further differentiation in their socio-economic development.

The level of differentiation of resourcing between regional educational systems can be assessed by differences in education funding.

Dependence of expenses per student on the level of economic development in a region is well illustrated by the graph below (Figure 3.3): the higher the level of economic development, the more is spent on education. In fact, the differences are even more acute: depressed regions are typically less urbanized and have smaller schools, which objectively require higher expenses per student. A student in a small rural school is several times 'more expensive' than a student in a large urban school.

Several measures have been taken to reduce the gap in education funding. In particular, since 2005 responsibility for education funding has been transferred from local to regional budgets, and a number of federal school funding programmes have been implemented, particularly in rural areas where schools have been provided with computer equipment. However, these measures have not reduced the gap in resourcing: in 2005, the richest 10% of regions spent 1.7 times more money per student, on average, than the poorest 10% of regions; in 2008 the gap had widened and the former spent 1.8 times more per student than the latter.

The gap in resourcing creates inequities in access to high-quality education. Currently, the Unified National Examination (UNE) is the only tool that allows comparison of education quality between regions in Russia, although, naturally, this 'school-leaving examination' is primarily intended to assess how well students have mastered the school curriculum and not to measure education quality on the whole. There are other factors that incite caution in using the UNE as a tool for assessing the school system, and it should certainly not be used as the only tool. However, with all these reservations, the UNE is the only independent, external and same-for-all assessment system of knowledge levels among students in Russia today and can therefore be used for analysis of regional educational systems.

This analysis shows that the gap in education levels between 'donor regions' (regions that are net contributors to the Russian federal budget) and depressed regions has not narrowed in recent years. While the average UNE score for Russian language in poor regions has drawn closer to that for rich regions,

Figure 3.3. Regional economic development levels and spending on education per student

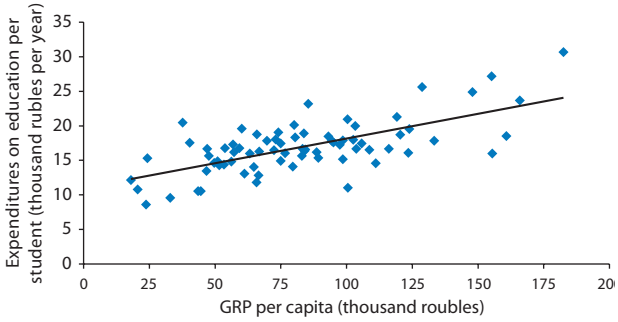
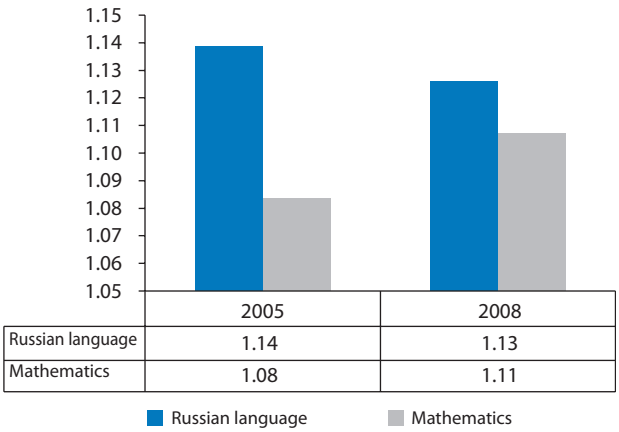


Figure 3.4. Ratio of the average score in the Unified National Examination in the poorest 10% of regions to the average score in the richest 10% of regions



	2005	2008
Russian language	1.14	1.13
Mathematics	1.08	1.11

the gap in results for mathematics tests has significantly increased (Figure 3.4).

The UNE checks the degree to which students have assimilated the knowledge provided at school. But the content of knowledge is as important – if not more important – than the level of that knowledge. Therefore, the MDG + for Russia has set a target of updating the content of general secondary education towards development of practical skills and knowledge application.

International studies on the quality of education showed good academic achievements of Russian school students, especially in primary schools. But Russian students were found to be much weaker in learning skills, lacking ability to work with information and to apply school knowledge to real-life situations. The international PISA research project aims to assess these specific aspects of education results among 15 year-old students. PISA survey have been held every three years since 1995, making it possible to observe trends,

Figure 3.5. Average PISA scores for performance of 15 year-old students in Russia and OECD countries

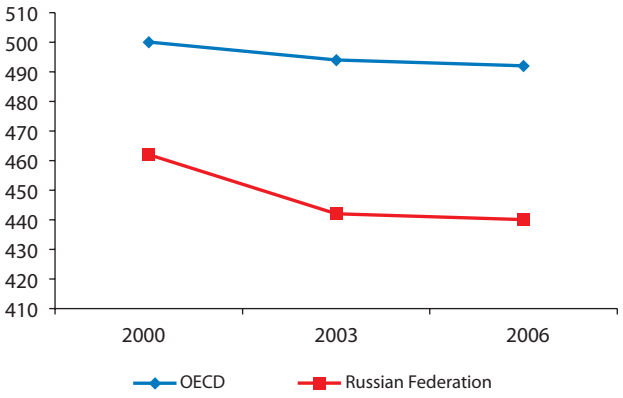
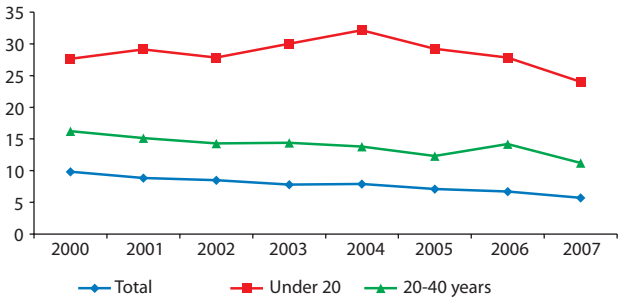


Figure 3.6. Unemployment rate by age groups (percentage of economically active population of the relevant age group)



and it has to be acknowledged that performance of Russian school education in developing skills needed in everyday life is not improving. From 2000 to 2006 the gap between the results of Russian students and their peers in OECD countries significantly increased (Figure 3.5).

Development of new secondary education standards is nearing completion at present, and authors of the standards claim that they are oriented to helping students master skills, which they need in everyday life. It is to be hoped that implementation of these new standards will change the situation for the better.

Another target formulated under the MDG + is to **improve compliance of vocational education with the modern economic environment and labor market.**

This is an important priority for Russia, since the vocational education system has developed a number of imbalances and negative trends that are of serious concern. While higher education coverage is growing rapidly, primary and secondary vocational education coverage is shrinking. This has led to 'crowding-out' of workers with low levels of education by relatively highly educated workers or those who, at least formally, have surplus qualification. A large share of tertiary graduates do not work in their field of study.

Mismatch between the education system and labor market requirements is leading to increased levels of youth unemployment: the unemployment rate in the age group under 20 (school-leavers and graduates from elementary vocational education institutions) is four times higher than the average unemployment rate in the country, and the level in the 20-24 age group (graduates of secondary and higher vocational education institutions) is twice higher than the national average (Figure 3.6). The recession has dramatically reduced employment opportunities for graduates of educational institutions at all levels.

The quality of Russian higher education also gives cause for concern. There are no tools of comparative quality assessment in higher education to match the UNE for general secondary education, so the quality of higher education can only be measured by indirect indicators. The position of the Russian professional education system on the world market of educational services offers one such indicator. The share of foreign students studying in Russia is currently less than 2% of the total number of foreign students in the world and the trend is downwards.

This means that, in the context of a worldwide boom in higher education and international student mobility, the Russian Federation is gradually losing its position in the international market of education. At present the share of foreign students studying in Russia is in line with figures for Spain and South Africa, which are far behind Russia in terms of both the scale of their educational systems and international recognition for particular areas of academic study. In addition to such problems as the language of tuition and living conditions, as well as depletion of the resource of Russian-speaking students from former Soviet republics, the situation reflects on quality of higher education in Russia. One may disagree with international rankings of universities, but results of these rankings cannot be disregarded. And, according to these ratings, one of the most highly reputed Russian universities, Moscow State

University is languishing in the middle of the second hundred of the world's best universities[6]. We can, of course, disagree and refer to our own ranking, where Moscow State University is ranked fifth best in the world (Reitor rating agency[7]), but what is important is that the world should agree to this ranking.

The ultimate test of the quality of primary vocational and tertiary education is the labor market, where the criterion is actual employment of graduates. The trend is towards worsening of the position of graduates on the labor market. Youth unemployment declined relatively slowly in the context of a general decline in unemployment rates from 2000 to 2007. However, it should be noted that unemployment rates for higher education graduates were lower than for graduates of primary vocational education institutions, even in an environment of chronic shortages of workers.

A system of statistics-based indicators has been proposed for assessing the level of achievement of MDG targets for Russia, discussed above (Table 3.1 in the Attachment). Analysis of trends shows some progress for indicators of availability and scope of education, but the indicators of education quality have even worsened since 2000. So quality issues are at the forefront of Russia's pursuit of the MDGs in the field of education.

3.3. Government education policy, target indicators for progress in achieving MDG 3 goals

Over recent years, the Government has initiated several programmes aimed at improving quality and accessibility of education. The most important of them are:

- The Concept for Long-term Socio-economic Development of the Russian Federation up to 2020;
- New Model for Education;
- Strategic Directions for Development of Education;
- The 'Education' national project.

These strategy documents give priority to equal access to education and improving the quality of education.

Education and socialization for vulnerable social groups

The Concept for Long-term Socio-economic Development of the Russian Federation up to 2020 sets the objective of creating an educational environment that provides high-quality education and successful socialization to people with disabilities through expansion of educational opportunities for physically challenged children in non-specialized educational institutions. The New Model for Education states this goal in more detail: 70% of non-specialized educational institutions should be able to cater for persons with disabilities by 2016, and by 2020 the share of persons with disabilities receiving educational services in non-specialized institutions should reach 70%.

Government education strategy calls for development of inclusive education, improved access to education for children with disabilities, and achievement of better quality and resourcing for such education.

The 'Education' national project envisages programmes to develop distance-learning capacities and provide broad access to quality education for handicapped children in all Russian regions during 2009-2012.

However, we would note that neither of these documents describes how children with disabilities are to be defined and identified. This will make it hard to assess the extent to which targets of involving handicapped children in education and socialization have been achieved.

Ensuring participation in pre-school education for children from low-income families and children in rural areas

The Concept for Long-term Economic Development sets the objective of creating a 'system of educational services, providing early childhood development opportunities to all children, regardless of their place of residence, health and social status'. By 2020 every child should be able to obtain pre-school education and to fully communicate in the language of tuition before entering the first grade.

To achieve this goal, the New Model for Education aims to expand the range of services and support for early childhood education, including state support for family education and a variety of agencies to provide pre-school education services, as well as target programmes to support children from families at risk.

[6] See, for example, Topuniversity Ranking (http://www.topuniversities.com/world-university-rankings),
[7] http://www.reitor.ru/

Reducing the gap in funding and access to education between and within regions

Strategy documents recently developed by the Government and the Ministry of Education give prominence to the issue of reducing inter- and intra-regional differentiation in the quality of education and its resource support. However, these documents deal mainly with the need to ensure that every student is educated in 'modern conditions'[8], and that access to electronic educational and information resources is provided. This approach seems inadequate. Creating 'modern conditions' in schools is of more importance for regions with a high proportion of rural population. But such regions are usually economically backward, lacking the means to re-equip schools and attract qualified teachers, and the current fiscal code puts considerable obstacles in the way of direct support to secondary education from the federal budget. The 'Education' national project brought several important results, but its experience showed that awarding of competitive grants to regional educational systems, schools and teachers, tends to reinforce differentiation between regional systems and schools. Rewards to best performers may be justified in higher education, but in secondary education, which is compulsory and complies with uniform, nationwide education standards, such an approach is at least debatable.

Updating the content of general secondary education towards developing practical skills and application of knowledge

The Government's plan of action up to 2012 includes development and implementation of a new generation of federal state education standards that will enable students to master both academic learning and skills. The Government will support education reform by encouraging development of a network of institutions that implement the new generation standards, including 'establishing of level based schools', as well as expanding informal educational programs.

Government strategy documents also envisage measures to improve the quality of vocational education. The most important of these are:

- Creation of a network of research universities: at least 10-12 research-educational complexes of international quality are to be created by 2020, offering cutting-edge scientific research and educational programs;
- A national qualifications framework is to be established, taking account of future requirements for faster growth of the innovation economy and labor mobility of workers, and a quality assessment system is to be developed in professional education with involvement of employers.

Ensuring that professional education meets requirements of the modern economic environment and labor market

Strategy documents emphasize the need for modernization of professional education, suggesting that the Government and Ministry of Education are fully aware of its current failure to match needs of the modern economy and labor market in terms of structure, content and quality.

Government strategy documents propose a wide range of measures, from organizational restructuring of the vocational and higher education system to creation of a system for external independent certification of professional qualifications. There are also plans for substantial support to the informal vocational education sector (professional upgrading and retraining).

The Concept for Socio-economic Development of the Russian Federation up to 2020 aims to:

- enable at least 50% of people of working age to participate in continuing education every year;
- ensure that at least 50% of migrants of working age have certificates of qualification;
- obtain accreditation for at least 15% of higher education programmes in international associations operating in the Russian Federation.

There are also plans to create an 'applied baccalaureate' system of modern professional qualifications in professions that are most required by the innovation economy. The share of students enrolled in the 'applied baccalaureate' programme should reach 10% of all students by 2020.

3.4. Scenarios and assessment of prospects

The proposed measures, described above, are very comprehensive and address nearly all the aspects of the

[8] Modern educational conditions should include complete equipment of the educational process with modern training and computer equipment, sufficient teaching staff with necessary qualifications, compliance with the sanitary-epidemiological rules and regulations, as well as with building regulations and other documents defining the modern level of organization of the educational process

professional education system. If they are implemented successfully, which can be regarded as the best-case scenario, education in Russia will be raised to a qualitatively new level. Failure to implement the reforms, or their partial implementation, will give a more or less inertial scenario, with negative impact on the general level of education in Russia and on the country's human development. The results that could be achieved by 2020 with respect to the MDG, if the best-case scenario plays out, are summarized as a series of indicators in Table 3.1 in the Attachment. Thorough modernization of the education system will depend on financial investments in complete revamping of professional education, development of pre-school facilities, upgrade of school curricula and teacher training, and changes in the mechanisms and quantities of financing, but it will also face resistance from the most conservative sectors of Russian society, including people who derive advantage from leaving things as they are. There is also likely to be opposition from some sections of the general public, since education is a highly sensitive subject in Russia, and mistakes in implementation of educational reforms in recent years, skilfully sensationalized through the mass media by reform opponents, have already disposed the general public to take a negative attitude to any further reforms in the sector. It should also be remembered that any innovations initially hamper operation of the system are meant to improve: when new technologies are introduced in manufacturing, companies usually experience an initial drop in profitability, and similarly, when changes are made to educational curricula the quality of education initially declines. This will serve as another excuse for criticising and opposing reforms, supporting the drift towards inertia.

Even in the best-case scenario, significant changes will be needed to funding of education in order to achieve a meaningful reduction of regional differentiation between quality, availability and scale of educational resources at all levels. But no such changes are envisaged in government strategies and programmes as they now stand.

As well as the need to increase spending on education and overcome the resistance of some of the educators and the public, there are several other factors that add to inertia of the existing system and may prevent the best-case scenario from ever playing out.

First of all, there is the demographic situation, which presents totally different challenges for pre-school and school children, on the one hand, and for professional education, on the other hand. The number of children needing pre-school, primary and then school education will increase, so more money will be needed even to maintain current availability of educational resources. There are reasons to believe that, as the country emerges from the economic crisis, or in the event that the crisis turns into a prolonged recession, the government may not be able to find sufficient funds to expand the pre-school education system and upgrade school curricula, since these tasks require considerable spending to develop and publish new text books, retrain teachers, overhaul teacher training programmes, etc.

Impact of the demographic situation on Russia's capacity to reform professional education will be very different. According to demographic forecasts, the number of people at the typical age for participation in tertiary education will almost halve in Russia between 2007 and 2018. In this situation, institutions of professional education will have to fight for survival, i.e. for students. In all probability, institutions of higher education (universities) will be willing to take students who now enroll in secondary professional schools, and will, essentially, open their doors to all and sundry, with consequent reduction of average entrant quality and of the quality of education provided. Under these conditions, reform of the education system will be very difficult.

It should also be remembered that higher education is not only a matter of methodologies and resources: it depends primarily on professors and educators who are capable of applying them properly. Low average salaries of educators make school teaching and jobs in professional education unattractive. This problem is supposed to be solved by a government-coordinated approach, as described in the New Model for Education: 'Development and implementing of educational programmes for training and re-training educators and administrators of educational facilities in conformity with modern qualifications requirements. By 2015, 100% of educators and administrative personnel of educational facilities must have completed training and professional development courses.' The question, which needs to be asked, is: who will test the results of such training? The current age distribution among professors and educators (14% of educators in higher education are over 65 years old) also makes the outcome of such measures highly doubtful. Importing educators from outside Russia is no answer, since the country's educational system is too large for such a measure to be effective.

Professional education institutions will undoubtedly resist reforms, and they have the ability to reduce them

to 'modernization on paper', going through the motions without changing anything in practice.

We have left until last what we see as the main problem. As the labor market becomes oversaturated with people who have tertiary education it will increasingly be possible to hire a shop assistant with a university degree, so there will be no feedback from the labor market to the system of professional education. In any case, the education system takes very limited interest in such feedback, as it gets its money from the federal budget and the families of students, neither of which are directly linked with the labor market. It is certainly essential to get employers involved in reforming education and monitoring its quality, but, unfortunately, the vast majority of employers do not believe that they have anything to gain from such involvement and are not willing to pay high salaries to people with good education. In these conditions, an employer-education partnership looks highly unlikely.

All of these factors, which are in effect risks, add to likelihood that the worst-case scenario will be realized. In that case, the vast majority of planned measures will only be implemented on paper, or reduced to cosmetic changes without real impact on the education system.

3.5. Conclusion and recommendations

When we assess achievement of the Millennium Development Goals for education in terms of indicators set out in international documents, the appearance is that these goals have been achieved in Russia and the situation in the country is more than satisfactory. But, in order to assess achievement of the MDGs in accordance with their spirit (not their letter) we need to answer the question: how big is the contribution of education in Russia to human development and enhancement of social equality and welfare? The MDGs were upgraded for Russia in this perspective and set out in the Human Development Report for 2005. The focus was shifted from indicators of access to education to indicators that describe the quality of education and equality of access to good education.

Analysis of progress by the Russian Federation in achieving the MDG+ since 2000 shows some reduction of inequality in access to good education, though not in all respects, and the quality of education as such is tending to deteriorate. Acute problems remain to be solved: the gap in the quality of general secondary education between regions, failure of general secondary education (its quality and content) to prepare children for modern life, and failure of vocational and higher education to meet needs of the labor market and modern economy.

The Russian Government is fully aware of these problems, with the apparent exception of interregional differentiation in general school education. The Government and the Ministry of Education have developed and approved several documents outlining major steps, which are supposed to achieve radical changes as early as 2020. But these measures do not include steps that are needed to reduce interregional differentiation in education quality, specifically, changes in budget legislation that would enable targeted financial support for regional and municipal educational systems from the federal budget.

There are also a number of factors that may significantly reduce the impact of proposed measures for restructuring the system of professional education. Success of these measures will depend largely on how we succeed in taking these factors into account to reduce risks in implementation of measures for upgrading of professional education.

ATTACHMENT

Table 3.1. MDG 2

Target:	Indicator	Indicator trends			Target value for 2015	Target value for 2020
		2000	2005	2009		
1. To bring vulnerable social groups into education and socialization	The share of children with special needs attending ordinary secondary schools in the total number of children with special needs who are in education	43%	49%,	63%	65%	70%
2. To ensure access to pre-school education for children from low-income families and children in rural areas	Pre-school coverage (1-6 years);	55,0% -	57,3%	71%	80%	90%
	Pre-school coverage (1-6 years) in rural areas	34,9 %	38,9 %	49%	55%	70%
3. To reduce the gap in funding and access to education between and within regions	Differentiation in spending per student between regions and between municipalities within regions (ratio of mean values for the upper and lower deciles)	2,5 раза	3,2 раза	2,7	2,5	1,5
	Differentiation in education results (ratio of average score in the Unified National Examination in the richest 10% of regions and poorest 10% of regions)					
	Russian language	-	1,09	1,08(*)	1,07	1,05
	Mathematics	-	1,08	1,13(*0	1,10	1,05
4. To update the content of education towards development of practical skills and knowledge application	Average scores of Russian students in international PISA assessments compared with average results for OECD countries	0,92	0,89 (**)	н.д.	0,95	1
5. To improve compliance of professional education with the modern economic environment and labor market requirements	Unemployment rate for Russian youth compared with average overall unemployment rate for the Russian Federation: Up to 20 years; 20-24 years.	2,8 1,7	4,1 1,7	4,2(***) 2,0(***)	3,0 1,5	1,5 1,2

Notes:
(*) Data for 2008
(**) Data for 2006
(***) Data for 2007

CHAPTER 4.
PROMOTING GENDER EQUALITY AND EMPOWERMENT OF WOMEN

In its original form, the Gender MDG ('Promoting gender equality and empowerment of women') was aimed primarily at women's empowerment in education as a basic condition for achieving gender equality. Therefore, the Gender MDG had a single target: 'The elimination of the gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015'. However, indicators of progress in tackling this problem were more detailed. As well as data on the ratio of girls to boys in primary education, the gender ratio in 'incomplete' (to age 14-15) and 'complete' (to age 16-17) secondary education, and the ratio of literate girls and boys at age group 15-24 years, indicators also included the proportion of women among employees (outside agriculture) and the proportion of women among parliamentary deputies.

The 2005 Report showed that this formulation of the problem and the proposed system of indicators for tracking progress with MDG 3 is not entirely consistent with the gender situation in today's Russia. Most of the problems addressed by MDG 3 are not relevant in our country: the issue of women's access to all levels of education, both general and vocational, was resolved long ago; the gap between male and female representation in professional employment is very small; and men tend to make up the majority of paid agricultural employees. However, high levels of female education and professional employment, and women's involvement in non-agricultural economic activities have not been sufficient to overcome problems of a traditional discriminatory division of labor between men and women, lower social status of women, lower salary levels paid to women, and their under-representation in decision-making,

It is also important to realize that the gender inequality problem is relevant to Russian men as well as Russian women. The most sensitive 'male' gender issues are extremely low life expectancy among men, declining levels of male education (compared with levels among women), and a high level of employment in jobs that involve health and safety risks.

It can be argued that gender asymmetry permeates virtually all aspects of social life in modern Russia: in some cases the losers are men, in other cases they are women. And the vast majority of 'male' and 'female' gender issues are so strongly interrelated that they permit no separate solutions.

The specific character of the current gender situation in Russia required the development of extra targets under MDG 3, adapted for our country. These targets address both women's and men's gender issues, aiming to promote egalitarian relationships, both in the family and in society, and to achieve gender equality.

The 2005 Report formulated five targets relating to gender issues that are particularly acute in Russia:

- to eliminate gender inequality in primary and secondary education at all levels of education by 2015;
- to ensure that men and women have equal opportunities in access to political institutions;
- to abolish discriminatory practices in employment;
- to develop an effective system of mechanisms for combating violence against women;
- to minimize the impact of adverse socio-economic factors on health and life expectancy, particularly among men.

4.1. Transformation of Russian government policy towards women

As of today the area of government social policy, which, with certain reservations, can be defined as a policy on women's issues, has been completely integrated into national policy on the family, demographics, health, poverty reduction, etc. Prioritizing of social issues by government in recent years has helped to alleviate a number of problems faced by men and women. For example, the share of women among deputies of the State Duma (the lower house of parliament) has gradually increased, life expectancy has risen, though to a limited extent (it has risen more for men than for women, thereby reducing the gender gap in life expectancy). Gender disparities in pay and pensions have reduced, and there has been a significant decrease in the number of officially registered sex crimes.

However, so long as gender issues as such are not distinguished as an aspect of government policy, a number of tasks critical to the development of the country and of democracy remain outside the scope of government responsibility. Such tasks include: eradicating gender discrimination, overcoming gender role stereotypes in society, observing the constitutional principles of equal rights and opportunities for men and women, etc. Lack of focus on gender issues also reduces the efficiency of social policy.

Russian public policy regarding women is currently undergoing another transformation. Both in practice and in formal declarations, there is an observable shift away from the aim, declared in the 1990s and at the start

of the new millennium, of establishing a society based on gender equality. State policy is returning decisively to the task, which was uppermost in the communist period, of 'creating an environment that enables women to combine their professional, family and household responsibilities'.

Russian government policy towards women is increasingly driven by a new/old assumption that:

- the traditional labor division between men and women (where the man is the main breadwinner, while the woman combines the tasks of earning money for the family with household duties and raising children) is the only feasible and socially acceptable paradigm;
- all the problems of women as a social group can be summarized as problems of women with young children.

4.2. The national mechanism for advancement of women in Russia

Successful implementation of MDG 3 goals in the Russian Federation would be greatly facilitated if the country had a national mechanism for the advancement of women. After signing the Declaration and the Platform of Action, which were approved at the Fourth UN World Conference on Women (Beijing 1995), the Russian Federation made a commitment at the highest level to create a national mechanism in a form of an independent authority, which would have the right to directly influence government policy formation on advancement of women, participate in the legislative process and have its own budget.

In the next five years, several government agencies were established as parts of this mechanism. Two 'National plans of action for the improvement of the status of women and enhancement of their role in society' were developed, approved and partially implemented (in 1996-2000 and 2000-2005). However, work on the national mechanism has effectively been abandoned since then.

The legal basis of the national mechanism for the advancement of women in Russia complies with international requirements and has undergone no changes in recent years. It is based on the principle of equal rights and liberties, and equal opportunities for men and women in their exercise, which is set out in the Constitution of the Russian Federation from 1993 (Article 19, Paragraph 3), the UN Convention on the Elimination of All Forms of Discrimination against Women, ILO conventions and recommendations, which have been ratified by the Russian Federation, and a number of Russian laws and presidential and government decrees.

The institutional basis of the national mechanism at federal level has been effectively lost in recent years. Its disintegration began during administrative reform (2004), when the core element of the national mechanism – the Commission on the Status of Women in the Russian Federation – ceased to exist. In 2005 the Commission was substituted by an Inter-departmental Commission for Gender Equality in the Russian Federation which, in turn, was disbanded in 2007 in connection with a change of government.

At the same time, various subdivisions of government executive departments, whose direct responsibilities included implementation of policies to ensure gender equality and women's empowerment, were 'reorganized' (a term, which is sometimes equivalent to 'abolished'). In particular, the Department on Medical and Social Problems of the Family – a part of the Ministry of Health and Social Development with a special section responsible for Social Policy on Maternity and Children – was subject to 'reorganization'. As of today, the Department of Social Welfare is the only body in the Ministry that has a mandate to deal with women's issues or gender issues, and implementation of that mandate is largely optional.

In the legislative branch, only two of the structures that used to be part of the national mechanism still exist and function, namely the Committee of the Federation Council on Social Policy and Health (although it deals with issues of women's advancement and gender equality only in relation to state support for families, mothers, fathers and children) and the State Duma Committee on Family Affairs, Women and Children.

The Public Chamber of the Russian Federation, which is supposed to promote closer collaboration between government and civil society, including women's organizations, has no structure focused on issues relating to the status of women or gender equality.

The most important tool of the national mechanism, the National Plan of Action for the Advancement of Women in Russia, has not undergone any development at federal level since 2005. It has been approved in the period since 2005 by a few regional governments, including those of Irkutsk and Leningrad regions[1]. The St. Petersburg government

[1] http://www.irklaws.ru/index.php?ds=177734, http://www.civilian-law.ru/index.php?name=news&op=view&id=5568

has approved a Concept of Gender Policy for St. Petersburg in the period up to 2015.

Another tool of the national mechanisms is gender statistics, which help to monitor the status of men and women in all walks of life, to make international comparisons, and to provide information monitoring and assess efficiency of implementation of government decisions and policy on equal opportunities. There have been some improvements in this area of government statistics, but they are still inadequate to meet the country's needs. There are also concerns about gradual decrease in the number of regional sub-divisions of Rosstat (the government statistics agency) producing regional statistical digests on gender issues. In 2009 only 9 regions released such digests, compared with 11 regions in 2008 and 28 regions in 2007, although some indicators showing gender differentiation are presented in other statistical digests and bulletins.

In what follows, we will consider the above-mentioned targets and their indicators under MDG 3 These targets and indicators are shown in Table 4.6 in the Attachment.

4.3. Elimination of gender disparity in education

In Russia the level of education of men is increasingly lagging behind the level of education of women (Figure 4.1). So one of the MDG 3 targets adapted for Russia is to lower the degree of gender asymmetry between students, especially in professional educational institutions. The indicator of progress in programme implementation is 'the share of boys and girls among students in different levels of education', and the base value of the indicator is represented by 2003 data, according to which the share of women among university students was 57%, and the share of men was 43%. 'Equal representation of boys and girls among students at higher education institutions' was set as the target value for the indicator.

As of today, gender asymmetry among Russian pupils and students remains significant at virtually all levels except compulsory education (primary and secondary school).

There has been a slight shift towards equality in gender composition during recent years, both in third-level school education (the non-compulsory last two years of secondary school), and at professional education institutions. However, the changes are not yet sufficient.

In third-level school education boys are still in the minority. However, the share of boys increased during 2000-2008 from 44.1 to 45.5% among pupils aged 17, from 44.3 to 46.0% among 16 year-olds, and from 47.3 to 49.5% among 15 year-olds. This indicates a modest increase in numbers of adolescent boys who wish to complete a full school education.

In professional education institutions gender asymmetry depends on the level of education: the higher the level of education, the greater the proportion of female students (Table 4.1). Primary professional education (the labor force training system) is marked by lack of progress towards gender symmetry. Institutions in this segment are mainly attended by boys, and the share of boys among students has even increased in recent years: it stood at 64.1% in 2005 and rose to 65.5% in 2008.

Secondary professional education (above primary professional, but below university level) used to be the most feminized level of education, but has been less popular with girls in recent years. Currently, the percentage of male and female students at this level is almost equal.

Higher professional education has been and remains highly feminized. The proportion of males among university students is growing very slowly (from 41.8% to 42.2% in 2005-2008). At this slow rate of progress towards gender symmetry, almost 60 years will be needed to achieve equal representation of boys and girls among students of higher education institutions.

Trends in gender composition of students in professional education institutions suggest that imbalances will not be overcome by 2015, so the gender gap in education levels of men and women will increase, although the rate of this increase will be reduced.

Table 4.1. Share of boys and girls in primary and secondary professional and in higher education, %

	2005/2006	2006/2007	2007/2008	2008/2009
Primary professional education[1)]				
boys	64.1	64.5	65.5	65.4
girls	35.9	35.5	34.5	34.6
Secondary professional education				
boys	49.0	49.6	49.8	49.9
girls	51.0	50.4	50.2	50.1
Higher professional education				
boys	41.8	41.8	41.8	42.2
girls	58.2	58.2	58.2	57.8

[1)] According to data provided by Rosobrazovaniye (the Russian Federal Agency for Education) as of the end of the year (2005, 2006, 2007, 2008 correspondingly)

Segregation by areas of study. The gender asymmetry in vocational education also manifests itself in uneven distribution of boys and girls by areas of study, some of which are considered to be mainly 'female' and others mainly 'male'. The first group primarily includes social sciences, education, health, culture and art, etc. (the share of women among students of these subjects at universities varied between 73.9% to 81.5% in the 2008-09 academic year). The second group includes geology, the energy sector, metallurgy, aerospace, marine technology, etc. (the share of men among students of these disciplines at universities ranged from 79.1% to 93.8% in 2008-09).

Despite some progress, the distribution pattern of boys and girls by educational specialization remains rigid. It is a critical factor in reproducing the current sectoral and occupational segregation in employment and, accordingly, is a principal cause of salary gaps between the genders.

4.4. Actions to ensure equal opportunities for women and men to access political institutions

A high degree of asymmetry in representation of the interests of women and men in decision-making in all branches and levels of government has been a permanent fixture throughout the post-perestroika period. A paradoxical situation has arisen: in a country where the number of women exceeds the number of men by almost 11 million, where women account for almost half of all professional employees (49.6%), and where their level of education is higher than that of men, decision-making remains a largely male preserve. Absence of women in decision-making structures limits ability of women to protect and promote their own interests, but also has an adverse effect on overall development of democracy.

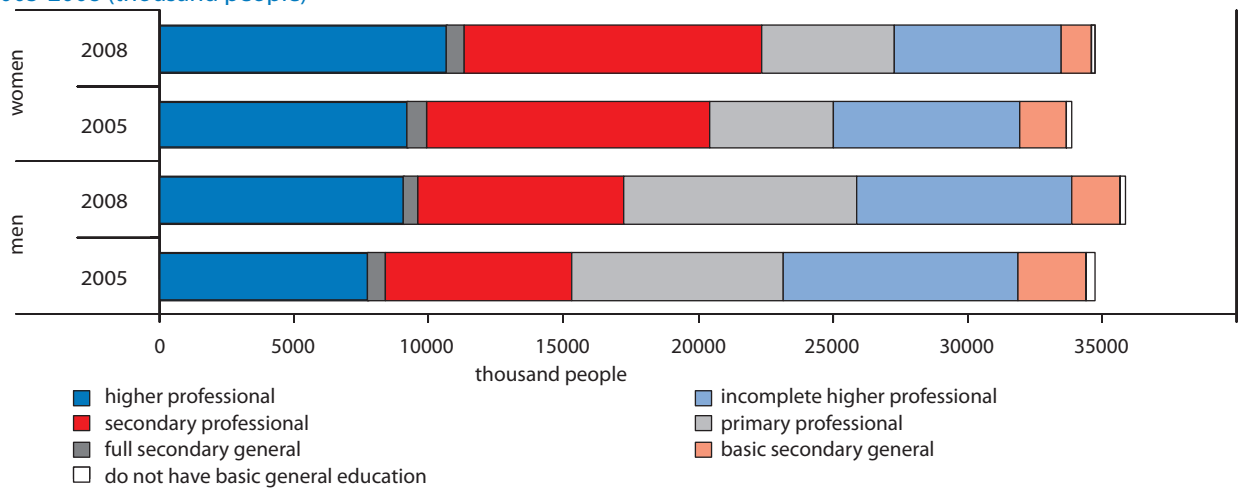
Since women are considerably under-represented in all branches of government, MDG 3 targets adapted for Russia have extended the 'share of women in parliament' indicator by addition of two extra parameters: 'share of women among members of the Government' and 'share of women among members of the Constitutional and Supreme Court'. The target is to achieve gender equality in these indicators by 2020.

The Russian Government has not carried out any systematic work to equalize real access of Russian women and men to political institutions in recent years. The law draft 'On state guarantees of equal rights and freedoms of men and women and equal opportunities for their realization' was intended to facilitate solution of the problem. The draft was introduced by a group of deputies of the third State Duma and was passed in a first reading in April 2003. However, further readings of the draft bill have not been carried out.

There has been a slight increase in representation of women in decision-making, but it has been very modest and has not affected all branches and levels of government.

The Executive Branch. Three women were appointed as federal ministers in the Russian Government around the time when the present economic crisis began (the Federal Government comprises 17 federal ministers in total), taking the posts of Minister of the Economy,

Figure 4.1. Change in numbers of men and women in the workforce with various levels of education, 2005-2008 (thousand people)



Minister of Health and Social Development, and Minister of Agriculture. In 2010 a woman was appointed as Head of the Federal Agency for Deliveries of Weapons, Military and Special Equipment. No women have ever been appointed as heads ('presidential plenipotentiary envoys') of any of the eight Federal Districts of the Russian Federation. However, the number of women leaders of Russia's 89 Federal Regions has doubled – from one to two.

The Legislative Branch. The number of women in the Federal Council (the upper house of the Russian parliament) has declined in both absolute and relative terms: in 2005 there were 10 women (5.7%) among 175 members of the Federation Council, while in February 2010 there were only 7 women (4.3%) among 164 senators. The Federation Council is still chaired by a man, and the gender composition of his vice-chairpersons has not changed over the years: there is one woman among 4 vice-chairpersons.

The share of women deputies in the current State Duma, elected to serve from 2008 to 2011, has increased compared with the previous Duma from 9.8% to 14.0%. However, according to the IPU (Inter-Parliamentary Union), that puts Russia 84th out of 134 countries by the number of women in its national parliament. There is also major gender asymmetry in leadership of the State Duma: the Duma chairperson is a man (as has always been the case), and there are only three women among 10 vice-chairpersons.

Significant increase in the number of women deputies in Russia's national and regional parliaments is very unlikely in the near future, since party manifestos do not include the goal of gender equality (or of equality between the genders in their party leadership). The only exception is the minority liberal party, Yabloko.

Local (municipal) government is the only level of decision-making where women are strongly represented.

The Judicial Branch. The share of women among judges of the Constitutional Court remains rather low at 17%.

Current values of indicators characterizing the level of female representation in decision-making show that, at the current pace of change, the goal of equality cannot be reached until far beyond the time horizon of the MDGs.

4.5. Eliminating discriminatory practices in employment

The indicator of progress in tackling gender discrimination in employment is the gender pay gap. A pronounced gender gap in wages has been one of the major female issues on the Russian employment market and has shown high resistance to change through political and economic fluctuations. The average difference between wages of men and women has varied through periods of economic crisis and economic growth in a range between 30% and 40% (Table 4.2). According to official data, the ratio of women's to men's earnings is currently 65.3%.

The age profile for gender wage inequality has also remained unchanged for years: the biggest difference in pay is observed in the 30-45 age group, while differences are smallest among the youngest and the oldest economically active age groups (Figure 4.2).

Russian society tolerates the existence of a gender wage gap. Government and people do not view it as a social problem, generated by discrimination against women in employment, but rather as a social norm: a natural consequence of the 'natural predisposition of women to look after children and the household rather than seek professional employment'. Russian law (both domestic law and some international treaties ratified by Russia) prohibits discrimination, including discrimination on the basis of gender, but it remains a widespread social phenomenon due to the lack of real mechanisms for overcoming it.

Analysis shows that the gender wage gap in Russia is caused by a whole system of factors, most of which arise from direct or indirect discriminatory practices against women (in hiring and discharge, promotion, and unequal pay for equal work) and the traditional labor division between men and women.

Experts draw attention to two principal factors, which are closely related: on the one hand, large wage differentials between economic sectors, and, on the other, a high level of gender segregation between sectors. Women are significantly more likely to work in poorly paid jobs: in 2008 it was found that 71.2% of all professionally employed women and only 51% of men were working in sectors where the average wage was lower than the overall average for Russia. Segregation is reckoned to account for 30-40% of the Russian gender wage gap[2].

[2] Wages in Russia. Evolution and differentiation. Moscow: State University — Higher School of Economics, pp.283, 292. S. Roshchin, O. Gorelkina, Gender differences in wages: microeconomic analysis of factors and trends.

Another factor that contributes to gender differences in wages is professional and vertical segregation (often a consequence of discrimination against women in career promotion). This makes it difficult for women to access well-paid occupations, positions and jobs. As a result, gender differences in wage level are prevalent in highly feminized sectors as well as in sectors traditionally dominated by men (the maximum difference (32.8%) is observed in manufacturing, and the minimum (10.7%) in education).

It should be emphasized that vertical segregation exists against the background of a higher level of professional education among women compared with men, which means that in Russian society and economy education fails to perform its most important function of a 'social elevator'.

The gender wage gap associated with industrial, professional and vertical gender segregation has been addressed to some extent by government measures to increase wages of the lowest paid workers. Such measures have been undertaken as part of the national projects 'Education' and 'Healthcare', both launched in 2006, and by increases of the national minimum wage and of the lower salary threshold for public sector employees.

These measures are important for reducing the gender pay gap because the wage increases, which they entail, mainly benefit women: every fourth woman in Russia works in the 'feminized' and highly qualified healthcare and education sectors, and those who earn the minimum wage and receive the lowest rates of pay are, as a rule, women.

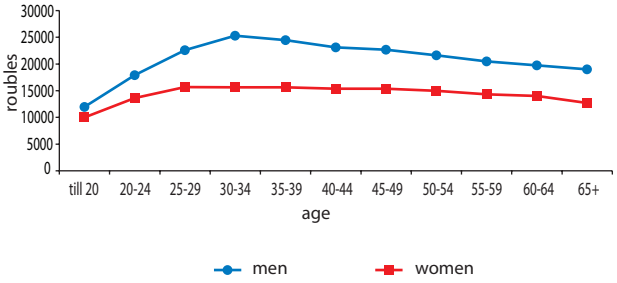
Indeed, the main effect of selective pay increases to education and healthcare workers and incremental increase in the minimum wage has been an absolute increase in levels of wage payment to women. However, the improvements have been modest: in 2005 the average wage in education was 63% of the national average, and it had risen to 66% by 2009; the average wage in healthcare in 2005 and 2009 was 69% and 73% of the national average, respectively.

Direct wage discrimination based on gender also exists in Russia, although Russian legislation does not contain (and never has contained) any wage regulations that could be seen as forms of gender discrimination and the current Labor Code of the Russian Federation stipulates the employer's duty to ensure that employees

Table 4.2. The gender wage ratio: ratio of women's to men's earnings in surveyed economic activities (based on sample surveys of business in October of each year), %

	2005	2007	2009
Ratio in all surveyed economic activities	60.7	63.1	65.3

Figure 4.2 Age profile of average monthly wages of men and women (2007)



are paid equal pay for equal work. The contribution of direct wage discrimination in total earning differentials between men and women is estimated by various experts in a range of 7-18%[3].

The gender pay gap has changed little in recent years, decreasing from 36.9 to 34.8 percentage points. Given the current pace of change, Russia is unlikely to close the gender wage gap by 2020.

Some employment sectors have seen positive shifts toward reduction of gender inequality. In particular there is a very high proportion of women among managers of Russian privately-owned companies (42%). This rate is one of the highest in the world (Box 4.1).

4.6. Developing effective mechanisms to prevent violence against women

Progress in tackling the problem of violence against women is measured by 'the number of cases of violence against women registered by social care institutions and the Ministry of Internal Affairs'.

The Constitution of the Russian Federation (Chapter II, Article 21, Paragraph 2.1) declares that 'no one should be subject to... violence' and that 'human dignity shall be protected by the State'. Russia has also ratified numerous international documents aimed at preventing and eradicating violence.

[3] Ibid.

Box 4.1. Female managers in Russian companies

New research from Grant Thornton International suggests that in Russia women occupy 42% of senior managerial posts in owner-operated companies. The poll covered 7,000 companies in 36 countries, including Russia. Only the Philippines are ahead of Russia, reporting 47% of women in senior management, and the Russian result is twice higher than the global average. Figures for the United States and France were 20%, and 18%. The lowest percentage is in Japan where only 7% of senior managerial posts are taken by women. Belgium (12%) and Denmark (13%) are also low down the table.

Russia's position has improved considerably compared with 2007 when as little as 34% of respondents reported that there were any women among top-level managers of their companies. Novosibirsk ranks first among Russian cities by this indicator: 65% of respondents in Novosibirsk said that there are three or more women among top managers of their company. Companies in St. Petersburg are least receptive to women managers: 16% of respondents reported no women among top management, compared with no more than 8% of respondents who gave this answer in Moscow, Nizhny Novgorod and Yekaterinburg.

Grant Thornton experts explain the large share of women executive officers in Russia by the fact that a number of senior management roles (chief accountant, marketing director and HR-director) are traditionally occupied by women. «However, if you count the ratio of men and women in the posts of president and CEO, the situation of women is much worse. There is definitely room for improvement in Russia in this respect» – says Lyudmila Gaidai, a human resources manager at the Russian office of Grant Thornton.

Vedomosti, 03.05.2009

However, violence against women remains a topical problem in Russian society. According to the National Independent Commission on Women's Human Rights and Violence Against Women in Russia, a woman dies at the hands of a husband or partner every hour in Russia, a woman is raped every half an hour, and thousands of women each year fall victim to modern slave traders[4].

Sex crimes (rape and sexual assault) are among the most common types of violence against women that are recorded by official statistics. Numbers of such crimes recorded in 2003-2010 were uneven (Table 4.3). There was an increase from 8,000 at the start of the period to 9,200 by 2005, which was followed by a decrease to 5,400 reported cases. However, experts note that sex crimes are particularly likely to remain hidden. Firstly, because victims often do not seek police help, and secondly, because law-enforcement bodies are not disposed to press charges for such crimes. The fact that the problem so often remains hidden both hampers violence prevention practices and distorts public understanding of the real situation.

Domestic violence, victims of which are mainly woman, is an even more widespread and more hidden problem. There are hardly any statistics available on domestic violence in Russia, and the situation is further complicated by the fact that domestic violence is perceived by law-enforcement officers and people themselves as a private conflict between spouses but not as a crime against the person.

There is an acute lack of specialized organizations that provide assistance to women victims of violence, including domestic violence. Over 50 crisis centers were established countrywide by non-governmental organizations, but their numbers have declined in recent years due to lack of government interest and support. By contrast, the number of government agencies providing assistance to women in difficult circumstances is gradually increasing. However, there were only 21 refuges for women victims of domestic violence in Russia in 2009. Clearly, such a number is completely inadequate for a country with Russia's population, and the problem is exacerbated by their uneven distribution across the country's vast territory.

It must be acknowledged that Russia lacks any coherent mechanism for protecting women from

Table 4.3. Number of reported crimes: rape and attempted rape

	2003	2004	2005	2006	2007	2008	2009
The Russian Federation	8,085	8,795	9,222	8,871	7,038	6,208	5,398

[4] The independent National Commission on Women's Rights and the Problem of Violence against Women in Russia issued its first report called 'The Territory of Silence' - M.: 2009 www.anna-center.ru/ru/component/

domestic violence. A draft federal law, 'On the foundations of social and legal protection from domestic violence' has been with the State Duma since 1995. But reading and approval of the law is not planned in either the near or medium-term future.

4.7. Reducing impact of unfavorable socio-economic factors on health and life expectancy, particularly for men

Low life expectancy remains the key problem on the male side of Russian gender issues. The following indicators are used to assess progress in tacking this problem:

- Life expectancy of men and women, gender differences in life expectancy;
- The level of and gender differences in mortality from accidents, injuries, homicide, suicide and alcoholism.

Life expectancy of Russians, particularly men of working age, remains very low, although there has been a positive trend in recent years.

Life expectancy

Male life expectancy at birth increased by 3 years in 2005-2008 to reach 61.8 years. Female life expectancy at birth rose to a lesser extent, by 1.8 years to 74.2 years.

Life expectancy at birth still varies greatly between Russian regions, for both men and women. The regional differences are so great that highest scores for male life expectancy are superior to the lowest female scores.

Thus, in 2008 the highest male life expectancy was recorded in Ingushetia (76.3 years), Chechnya (71.3 years), Dagestan (70.5 years) and the city of Moscow (68.5 years), while female life expectancy at birth was 66 years in the republic of Tuva, and 64.2 years in the Chukotka Autonomous District.

Thus, the MDG target value of life expectancy at birth for women, set at 74 years, was achieved in Russia ahead of schedule compared with the target, which was set in the 2005 Report. But the situation is completely different for male life expectancy at birth. At current rates of increase of this indicator, its target value (71 years) will only be achieved in 2017.

Gender gap in life expectancy

Russia still has the widest gender gap in life expectancy at birth of any country in the world.

A slightly higher rate of increase in life expectancy for men led to some reduction of the male-female gap (by 1.19 years in 2005-2008) (Table 4.4). But the gap remains unprecedentedly high in absolute terms, at 12.3 years. Among the countries of Europe and Central Asia, only Belarus, Lithuania, Ukraine and Kazakhstan have comparable life expectancy gaps (11.7 years in the first three countries and 11.9 years in Kazakhstan). The smallest gender gaps in life expectancy (under 5 years) are in Denmark, Norway, the United Kingdom and Sweden.

Table 4.4. Life expectancy at birth (years)

	Life expectancy at birth (years)		Gender gap in life expectancy at birth
	Men	Women	
1990	63.73	74.30	10.57
1995	58.12	71.59	13.47
2000	59.03	72.26	13.23
2005	58.87	72.39	13.52
2006	60.37	73.23	12.86
2007	61.39	73.9	12.51
2008	61.83	74.16	12.33

Hyper-mortality among Russian men

The main reason for the large gender gap in life expectancy in Russia is higher mortality among men compared with women at all ages, but especially in the 20-55 age group. The biggest reductions of the gap in recent years have been in the 20-55 age group: while in 2005 the mortality rate in these male age groups was 3.3-4.1 times higher than for women, in 2008 it was 'only' 3.2-3.6 times higher.

Mortality from external causes

Hyper-mortality of men in Russia is only partially explained by biological factors (women are typically about 5-7 years 'ahead' of men). The main contributions to low life expectancy of Russian males are socio-economic and behavioral (the issue of preventable deaths is addressed in Chapter 5.4). While hyper-mortality among males in childhood and at pension age is not such a major problem, there is a huge (higher than anywhere else in the world) difference in mortality from external causes between men and women of working age.

Reduction of the high mortality rate (primarily from causes related to alcohol use, road traffic accidents, etc.) has become an important issue for the Russian

Government in recent years, as it has started to implement a demographic policy that aims to prevent decline of the Russian population.

These and related issues have been included in a number of government programmes, projects and legislative acts: the 'Health' national project, the Concept of Demographic Policy of the Russian Federation up to 2025, the Concept of Long-term Socio-economic Development of the Russian Federation up to 2020, and a number of others.

Some efforts have been made to reduce alcohol abuse, including creation of a draft state policy concept for addressing the problem. The goals of state policy are to restrict consumption of alcohol, curb production and turnover of low-quality ethyl alcohol and products containing alcohol, to create a large-scale system for prevention of alcoholism and alcohol abuse among the general public, and most importantly, to promote healthy lifestyles.

A national strategy to curb tobacco consumption in Russia during the period up to 2014 will be prepared in 2010, and some amendments will be made to national legislation to reflect Russia's adherence to the WHO Framework Convention against tobacco.

The Government has tightened traffic regulations and increased penalties for their violation in an effort to reduce road injuries and fatalities. More severe penalties have been imposed for drunk driving.

Statistics show that mortality from external causes has declined in recent years, and the pace of decline has been almost the same for men and women. The biggest decrease has been in mortality from accidental alcohol poisoning (numbers of working-age men dying from this cause declined by 58% from 2005 to 2008, and the decline among women was 57%).

The decline in mortality from all types of transport accidents has been less impressive: mortality from this cause among men and women of working age declined by 10% in 2005-2008. Development of suicide mortality rates showed the most significant gender differences: rates decreased by 5% for women and by 19% for men.

Overall, current trends in deaths from external causes show persistence of gender asymmetry, but at a lower level than a few years ago (Table 4.5).

Current national policy for reduction of mortality rate is formulated as gender-neutral and aimed at 'the population in general' (with some emphasis on youth, as a group requiring special attention). Policy is based on targets of increasing life expectancy, calculated without gender differentiation, and is not aimed at reducing the gender gap in life expectancy to average global levels.

In order to be more effective, anti-mortality policy needs to take account of specific features of the situation and behavioral stereotypes of men and women, their different attitudes towards self-preservation, and risk factors that are specific to each of the sexes.

Employment in hazardous working conditions is principally a male problem in Russia today. The country still follows the traditions of the Soviet period, when health & safety practices were geared primarily to protection of maternal health. Hiring of women is still forbidden for about 600 job types.

As a result, the number of women employed in hazardous working conditions is about half the number of men, the number of women and men suffering damage to their health at work differs by a factor of three, and work-related deaths are 17 times more common among men than among women.

Employment in hazardous working conditions remains an important factor of low male life expectancy in Russia.

Table 4.5. Working-age mortality rates[1] from all causes and from external causes (by gender)

Number of deaths per 100,000 persons of respective sex and age	Men			Women		
	2005	2008	2008/2005	2005	2008	2008/2005
Deaths from all causes	1300.7	1071.9	0.82	337.6	281.6	0.83
External causes	444.1	339.3	0.76	88.9	68.5	0.77
including:						
accidental alcohol poisoning	60.3	35.1	0.58	13.4	7.7	0.57
all types of transport accidents	53.8	48.5	0.90	14.3	12.9	0.90
suicide	70.0	56.5	0.81	9.4	8.9	0.95
homicide	51.5	34.9	0.68	13.2	8.7	0.66

[1] Males 16-59 years, females 16-54 years.

4.8. Gender aspects in development scenarios

Success in solution of gender problems in Russia during the coming period will depend largely on presence of a gender component in government social policy. Two scenarios for development of the gender situation deserve to be considered.

The inertial (pessimistic) scenario, assumes continuance of recent practice, by which government social policy fails to include gender components and the problems faced by men and women are considered only through the prism of family issues, demography, poverty, economic development, health, education, etc. This ignores traditional patriarchal gender stereotypes (still prevalent in Russian society), gender discrimination and the need to enforce the constitutional rights of men and women to equal opportunities in all walks of life.

By pursuing the inertial scenario, even assuming strong government social policy, Russia would only be able to achieve a small improvement in values of key indicators for MDG 3, defined for 2015 and 2020. Target values of most of these indicators (leveling of gender differences in wages and life expectancy, lowering gender asymmetry in decision-making, and among students in professional schools, etc.) could only be reached far beyond the time horizon of the existing MDGs.

The optimistic scenario for development of the gender situation in Russia presupposes a state policy of gender equality, implemented either through mandatory inclusion of a gender component in all social development programmes, or through development and implementation of gender policy as an independent item, linked to all other social policy directions.

Whatever form state gender policy takes, it will need:

- to reconstruct the national mechanism for promoting equality between men and women;
- to develop a National Plan of Action for the Advancement of Women and Enhancement of their Role in Society at federal level and to provide funding for its implementation;
- to perform mandatory gender analysis of national legislation and government social programmes;
- to end the practice of making payments and social benefits, which are intended for families or for workers with family responsibilities, exclusively to women (except for benefits associated with pregnancy, childbirth and breastfeeding);
- to lower gender asymmetry among the younger generation of civil servants subordinated to the President of Russia;
- to promote egalitarian relationships between women and men, at the level of the family and of society;
- to improve the quality of gender statistics in order to monitor the status of men and women in all walks of life in various constituent entities of the Russian Federation, enable international comparisons, monitor and assess the efficiency of government decisions and implementation of a policy of equal rights and opportunities;
- to overcome overt and covert forms of discrimination against both women and men, to develop special measures addressed to each sex in order to ensure genuinely equal opportunities for men and women in all walks of life;
- to raise wages in predominantly 'female' areas of public sector employment to the average Russian level.
- to develop a network of crisis centers and hotlines, separately for women and men, and to develop and implement methods of dealing with men who commit domestic violence;
- to create a mechanism of economic incentives for employers to reduce hazardous employment;
- to reduce gender segregation by specializations at all levels of professional education.

Implementation of these goals will create a real opportunity for fulfillment of the MDG 3 tasks (both international and adapted for Russia) with respect to indicators and within the specified time limits (see Table. 4.6 in the Attachment). If the optimistic scenario is realized, target indicators will be achieved much sooner than would be the case in the inertial scenario.

4.9. Conclusions and recommendations

The above analysis of key gender issues in Russia shows that there has been some progress in recent years towards making the problems less acute. Improvements have been seen in levels of gender asymmetry among students in various levels of professional education and gender segregation by field of study. Representation of women in decision-making has increased slightly. The same modest but steady increase can be observed in life expectancy, especially among men, which has narrowed the gender gap in

life expectancy of Russians. There is a marked tendency towards reduction of gender disparities in salaries between men and women. Official statistics suggest reduction in the number of sex crimes in recent years. The overall trends are positive, but a huge amount still remains to be done.

The process of implementing MDG 3 tasks in Russia has helped to identify key problems and barriers, which the country faces in achieving gender equality and empowering women. The following priority issues have emerged for coming years:

- persistence of traditional gender roles in Russian society, government support for a stereotypical view on the dominant role of women in upbringing of children;
- lack of a government policy of gender equality, an integrated national mechanism for the advancement of women, and of a five-year Plan of Action for the Advancement of Women and Enhancement of their Role in Society;
- a historically determined wage lag in parts of the public sector, where employees are predominantly women;
- proliferation of direct or indirect discriminatory practices against women (in hiring, discharge, promotion and unequal pay for equal work);
- absence of an integrated mechanism in Russia for protecting women from violence;
- differences in self-preservative practice between Russian men and women.

Box 4.2. Growth of unemployment during the crisis: the gender dimension

The post-Soviet period in Russia saw the formation of stable gender differences in unemployment patterns. Unemployed men outnumber unemployed women due to somewhat lower economic activity of women, but rates of male and female unemployment are almost the same: as a rule, the unemployment rate is a few tenths of a percent higher among men. However, average duration of unemployment among women is 0.5-1 month longer than among men. The proportion of women among people seeking a job for over a year is also higher, by 2-3 percentage points.

A survey on social and labor relations found that the share of women who fear losing their job during years of economic crisis is only slightly higher than that of men, and that working women feel more confident than men of keeping their jobs in years of economic stability (Table 4.2.1).

However, women are considerably more pessimistic as regards finding new employment. The gender gap for this indicator narrows in periods of steady growth, and widens when labor market conditions deteriorate (Table 4.2.2).

The recent crisis has led to an increase of layoffs and reduction in employment opportunities. This might be expected to make women more vulnerable and lead to faster growth of female unemployment. However, data suggest the contrary. As seen from Figures 4.2.1 and 4.2.2, narrowing of the gap between male and female unemployment is characteristic of more affluent periods. As the economic crisis deepens, male unemployment is growing faster than female unemployment and the gender unemployment gap is widening. This trend was observed during the 1990s and we are witnessing it again now. The widest gender gap (1.6 percentage

Figure 4.2.1. Trends in female and male unemployment, 1992-2007

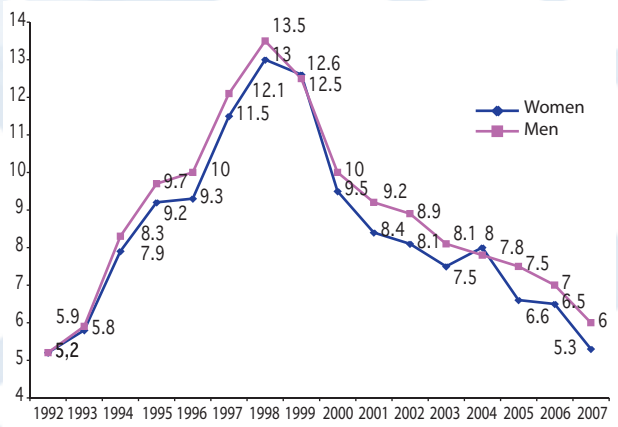


Table 4.2.1 The fear of job loss (% of employee respondents)

Are you afraid of losing your job?	1999		2002		2007		2009	
	Women	Men	Women	Men	Women	Men	Women	Men
Yes	15.0	13.8	5.5	6.8	4.0	6.4	12.2	11.8
To some extent	16.9	15.0	8.9	11.5	8.9	9.4	31.2	25.7
Not really	31.9	34.8	24.7	23.5	23.0	23.2	39.0	39.4
No	17.3	22.6	43.3	44.0	50.7	46.6	17.6	23.1
Don't know	18.8	13.7	17.6	14.2	13.4	14.4	-	-

Table 4.2.2. Estimate of the chances of finding an equivalent job in case of job loss (% of employee respondents)

Will you be able to find an equivalent job if you lose your current job?	1999		2002		2007		2009	
	Women	Men	Women	Men	Women	Men	Women	Men
Yes, easily	12.3	25.2	25.6	27.9	31.7	35.0	14.2	23.9
Yes, but not easily	36.8	40.0	29.7	38.7	32.9	39.0	53.9	56.8
Probably not/ no	32.2	19.2	30.6	22.2	23.8	16.1	31.9	19.3
Don't know	18.8	15.5	14.1	11.2	11.6	9.9	-	-

* Wherever not specified data of Rosstat random employment survey is used

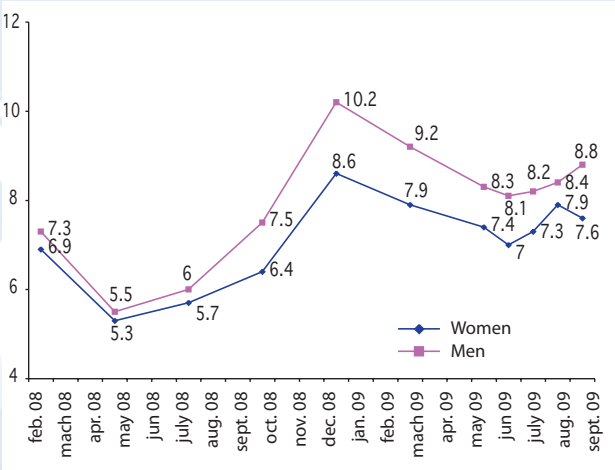
points) was recorded at the height of the crisis, in February 2009.

This suggests that women are better at adapting and use this quality to best advantage in difficult economic circumstances. Indeed, economically active women (both in work and out of work) have higher levels of education than men and are more numerous in more competitive age groups (there are more women than men at peak working age and fewer women in younger and older age groups). Women are significantly more likely than men to look for a job through state employment services: 35-40% of women and only 25-30% of men used this method of job search in recent periods. Employment agencies have experienced a sharp rise in popularity in the recent economic downturn. Almost half (47.9%) of women who lost their jobs and over one third (36.6%) of men in the same situation used employment services in May 2009.

It should also be noted that women make a greater effort to keep their jobs in time of crisis, and are willing to make concessions in order to stay in employment. According to a survey on social and labor relations in 2009 only one fifth (21.7%) of working women, but more than a third (36.5%) of working men were ready to leave their company and seek a new job in the event of deterioration in their employment conditions.

A survey of clients of employment services in June 2009 found that women less frequently refuse jobs due

Figure 4.2.2. Trends in female and male unemployment, 2008-2009



to inadequate salaries (26.4% of women compared with 31.3% of men) and are willing to work for smaller wages than men with the same level of education.

Women's job aspirations are lower than those prevalent among men, and the facts cited above suggest that the main adaptation tool, which allows women to avoid the risk of unemployment despite crisis conditions on the labor market, is precisely their lower job aspirations.

Irina V. Soboleva, Dr.Sc. (Economics)

ATTACHMENT

Table 4.6. MDG 3

MDG targets	MDG targets + for Russia	MDG performance indicators (international version)	MDG performance indicators adapted for Russia	Current Russian indicators	Russian target for 2015	Russian target for 2020
Target: to eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels no later than by 2015	Target: to eliminate gender disparity at all levels of education no later than by 2015	Ratio of girls to boys in primary and secondary education and third-level education	Ratio of girls to boys in primary and secondary education and third-level education	In the 2008-2009 academic year 50% of school children were girls and 50%, were boys; 58% of students in higher education institutions were women and 42% were men	50% girls and 50% boys among school children; 53% women and 47% men among students in higher education	50% girls and 50% boys among school children; 50% women and 50% men among students in higher education
		Ratio of literate women to literate men in the 15-24 age group	Ratio of literate women to literate men in the 15-24 age group	Illiteracy rate (2002): - women 0.8% - men 0.3%	Ratio of literate women to literate men in the 15-24 age group should be 50:50	Ratio of literate women to literate men in the 15-24 age group should be 50:50
	Target: to provide equal opportunities in access to political institutions for men and women	The proportion of seats held by women in the national parliament	The proportion of seats held by women in the national parliament (State Duma), the Government of the Russian Federation, and the Constitutional and Supreme Courts	The proportion of women among deputies of the State Duma is 14%. The proportion of women among members of the Federation Council is 4.7%. There are 3 women among members of the Government of the Russian Federation	The share of women among members of State Duma, the Federation Council, the Government of Russia, the Constitutional Court and Supreme Court should be 20-30%	The share of women among members of State Duma, the Federation Council, the Government of Russia, the Constitutional Court and Supreme Court should be 40-50%
	Target: to eliminate discriminatory practices in labor and employment	no analogue	Gender differences in wages	The average wage of women is over 65% of that of men (2009)	The average women's wage should be 80% of that of men	The average women's wage should be 100% of that of men
	Target: to create effective mechanisms for preventing violence against women	no analogue	Number of cases of violence against women	In 2009, official statistics reported 5400 cases of rape against women	Number of rapes should be zero	Number of rapes should be zero

MDG targets	MDG targets + for Russia	MDG performance indicators (international version)	MDG performance indicators adapted for Russia	Current Russian indicators	Russian target for 2015	Russian target for 2020
	Target: to reduce the impact of unfavorable socio-economic factors on health and life expectancy, especially male	no analogue	Life expectancy of women and men. Gender difference in life expectancy	Life expectancy of women is 74.2 years, compared with 61.8 years for men, so the gender life expectancy difference is 12.4 years (2008)	Life expectancy of women should be 76 years and 64 years for men, so the gender difference in life expectancy should be 12 years	Life expectancy for women should be 78 years –and 67 years for men, so the gender difference in life expectancy should be 11 years
		no analogue	The level and gender differences in mortality among working-age population from external causes (number of deaths per 100,000 people of each sex)	The mortality rate among working-age population from external causes (the number of deaths per 100,000 people of each sex) was 69 for women and 339 for men in 2008	The mortality rate among working-age population from external causes (number of deaths per 100,000 people of each sex) should be 61 for women and 300 for men	The mortality rate among working-age population from external causes (number of deaths per 100,000 people of each sex) should be 61 for women and 280 for men

CHAPTER 5.
REDUCTION OF CHILD MORTALITY AND BETTER MATERNAL CARE. EVALUATING HEALTH PRIORITIES FOR RUSSIA

5.1. Demographic situation in the Russian Federation

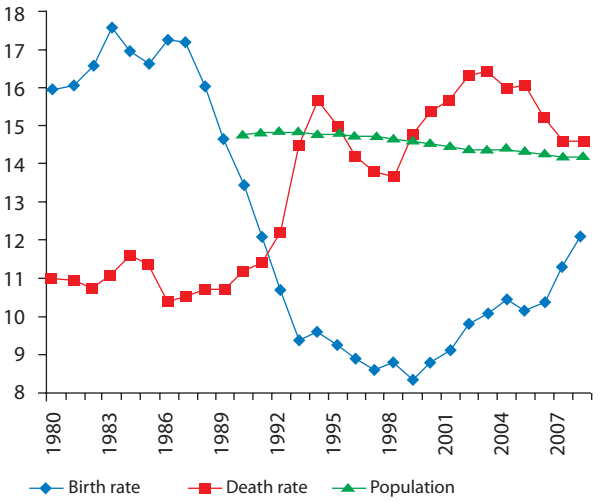
The demographic situation[1] in Russia has improved slightly in recent periods by all main indicators: there has been a growth in the birth rate and a decline in the death rate. However, natural loss of population is still continuing (Figure 5.1) and amounted to about 240,000 people in 2009. Natural loss has been partly compensated by migration in recent years, and the compensation was complete in 2009: the Russian Federation is expected to show population growth by about 20,000 people for the year, taking account of immigration. It is possible, though, that growth of registered migration was due to specifics of the registration method[2], and it is unclear whether migrants identify themselves with Russia and to what extent they can be considered a part of population.

Provisional assessments by the Russian Ministry of Health and Social Development for the first months of 2010 suggest that positive demographic trends are continuing (Box 5.1).

Birth rate in the Russian Federation

Both maternal and infant mortality are related to the birth rate, which therefore needs to be considered here. The Long-Term Concept for Social and Economic Development of the Russian Federation up to 2020 features maternal and infant mortality as an important reserve for improvement of the demographic situation[3]. The last birth rate recession in Russia started in 1987, and a slight recovery has been registered since 1999.

Figure 5.1. Birth and death rates per 1000 people (population of 10 million people), Russia, 1980-2008
Source: Rosstat



A similar situation can be observed in all other former republics of the USSR, and measures to stimulate the birth rate have not been implemented in most of these countries (Figure 5.2). The birth rate in Russia in 2008 was 37% higher than in 1998, while the improvement in Estonia was 36%. In Kazakhstan, where the birth rate is twice higher than in Russia, population policy been directed at achieving lower figures, and growth in 2008 was 47%.

Fluctuations in the birth rate were influenced by changes in Russia's social foundations during the late 1980s and early 1990s, and by the low number of people, who were born in the late 1960s and reached

BOX 5.1. Fertility and mortality dynamics in 2010

The death rate declined by 17,900 people in five months of 2010 as compared with the same period of 2009. Mortality from cardio-vascular diseases was reduced by 2.3%, deaths from tumors were down by 0.7%, and mortality from traffic accidents was 14% lower. Infant mortality indices came down by 4.2%.

Mortality due to accidental alcohol poisoning in Russia was reduced by 9.9% in January-May 2010, and the number of suicides was 13.5% lower. Deaths from tuberculosis fell by 10.2%.

The birth rate has also shown positive trends this year. A total of 711,000 children were born in Russia in five months of 2010, which is 11,100 more than in the same period of the previous year. There were 139,000 children born in Russia in May 2010, which is 3,800 more than in May 2009.

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

[1] Detailed analysis of the demographic situation in Russia can be found in the Human Development Report for the Russian Federation for 2008/ edited by A.G. Vishnevsky and S.N. Bobylev. M.: The Whole World, 2008.
[2] E. Scherbakova, Demographic Results of 2008. Demoscope, No. 367 – 368, 2009
[3] The Long-Term Concept for Social and Economic Development of the Russian Federation up to 2020. Ministry of Economic Development and Trade of the Russian Federation, Moscow, September 2008.

Figure 5.2. Birth rate per 1,000 people in Russia, CIS and the Baltic States, 1980-2008. Source: World Health Organization

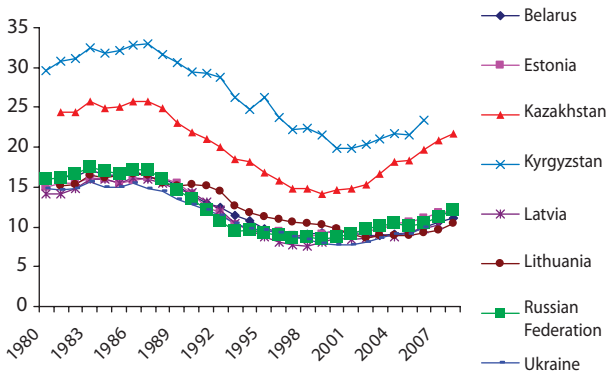
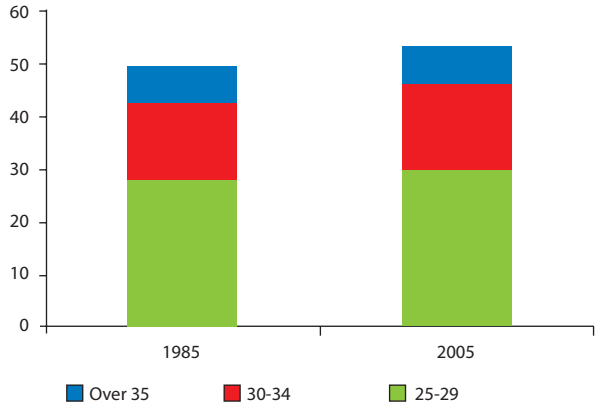


Figure 5.3. Contribution of different age groups to childbirth in Russia in 1985 and 2005



fertile age in the late 1980s. Before the collapse of the USSR young men, who married at the age of about 20, often after military service, made a large contribution to reproduction. Early childbirth was stimulated by benefits, including the opportunity to obtain an apartment separate from parents (often the only such opportunity, though with a considerable delay) and other social assistance. Limited availability of contraception also played a part[4]. But the new economic conditions compelled prospective parents to postpone childbirth until they could buy an apartment, finish their education and be financially independent, or until the latest time at which childbirth was still possible. Contribution of persons aged 25-34 to childbirth went up from 42% to 46% between the 1980s and 2000s (Figure 5.3). Many other political and economic factors may also influence childbirth. Eradication of poverty almost always leads to a reduction of the birth rate[5], and various works have considered the roles of other factors, such as greater ability of people to plan their own lives, changes in values and family roles, income and well-being, differences in the availability of 'temptations' and the 'blessings of civilization', and access to a wide range of goods and services[6]. These concepts are not always scientifically based, but they may contain answers to some complex issues regarding demographic processes in Russia.

Also, numbers of people in the age groups that contribute most significantly to reproduction were low during the 1990s and many couples from these groups, who postponed birth of a first child in the late 1980s and in the 1990s, are now 30 and older. Another point is that many people who were born during the anti-alcohol campaign of the mid-1980s have now reached reproductive age, which contributed to slight growth of childbirth after 1999 (now coming to an end). It should be remembered that the birth rate is calculated as the number of births per 1,000 people, and, as T.A. Golikova, the Minister of Health and Social Development has noted in a Report[7], the share of women of reproductive age in this average thousand will be considerably lower in the next few years (Figure 5.4).

A more important indicator for forecasting population dynamics is the fertility rate, which indicates how many children one woman would give birth to during her entire reproductive period (15-49 years) if the birth rate in the year, for which age ratios are calculated, remained unchanged throughout that period. Over the last 30 years the overall birth rate was initially lower than in the European Union, and then at a similar level (Figure 5.5). The index level of approximately 1.5 children per one woman, which is now observed in EU countries and in Russia, is typical for developed countries with high levels of education, and is unlikely to change much in the future.

[4] S.V. Zakharov (2007) The Russian Federation: from the First to the Second Demographic Transition. Demographic Research. Vol. 19, July 1, 2008, pp.907-972.
[5] A. Aassve et al., Poverty and Fertility in Less Developed Countries: A Comparative Analysis. Economics. 05/28.
[6] For instance: I. A. Gundarov , Spiritual Ill-Being and Demographic Catastrophe //Public Sciences and the Modern Age, 2001. No. 5: 58–65; E.A. Tischuk, Medical and Demographic Processes in the Russian Federation in the Context of Global Patterns. Statistics Issues, No. 8, 2005
[7] Report by T.A. Golikova, the Minister of Health and Social Development of the Russian Federation, 'On execution in 2007-2009 of actions specified by the Plan for Implementation of the Demographic Policy Concept of the Russian Federation up to 2025 for improvement of health conditions of women, children and teenagers.' Meeting of the Presidential Council for National Projects and Demographic Policy (January 19, 2009).

Measures that could give a small increase in the number of children per woman, though at significant cost, include development of kindergartens, job protection for women on maternity leave, and various benefits, possibly including the maternity capital scheme (lump payments provided at childbirth, subject to some conditions), which is already being implemented. But, although the maternity capital programme is well designed, it is hard to assess its contribution to growth of the birth rate in the short term, partly due to insufficient information on childbirth order (whether a birth is the mother's first, second, etc.), and also due to impossibility of separating out a whole number of other factors, such as changes in the economic environment. The point of the programme was specifically to stimulate birth of second and subsequent children.

The Ministry of Health and Social Development has stated repeatedly that 10% of birth rate growth is associated with growth in the number of women of reproductive age, and 90% is due to the special measures, but the claim looks doubtful, as it omits other possible factors, such as childbirths postponed in the 1990s. The fact that birth rate growth in all the other former Soviet republics, where such measures were not taken, has been the same or greater than in Russia proves that it is over-optimistic to attribute all of the birth rate growth, which cannot be explained by age structure of the population, to the achievements of demographic policy. Such conclusions look especially ungrounded when it is taken into account that the growth started seven or more years before the first of these measures were implemented. Admittedly, growth of the birth rate accelerated in 2007-2009, which may relate to the special measures for improving the demographic situation. Time and additional investigations will be needed to understand whether growth of the number of children born per 1000 people per year reflects a calendar time-shift of childbirth, or whether the average number of children born to a woman during her lifetime really is increasing.

A recommendation worth making to the Russian Government is that programmes to encourage growth of the birth rate need to be positioned as protection of rights and opportunities to start a family and give birth to children, and not as an attempt to pay people to have children. Another important point is that there are about one million children in Russia without parents or guardians and that, according to official data, 136,000 children need adoption. These statistics show the need for a set of separate measures.

Figure 5.4. Number of women of reproductive age (15-49 years) in Russia in 2008-2025, millions
Source: The Russian Ministry of Health and Social Development

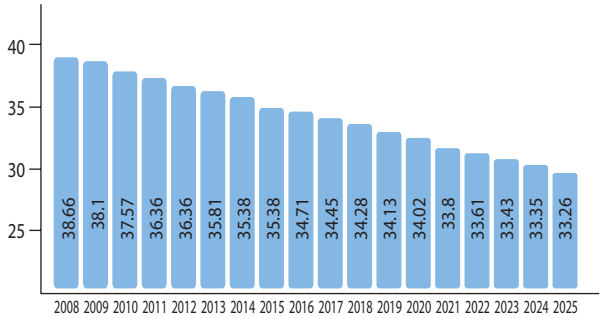
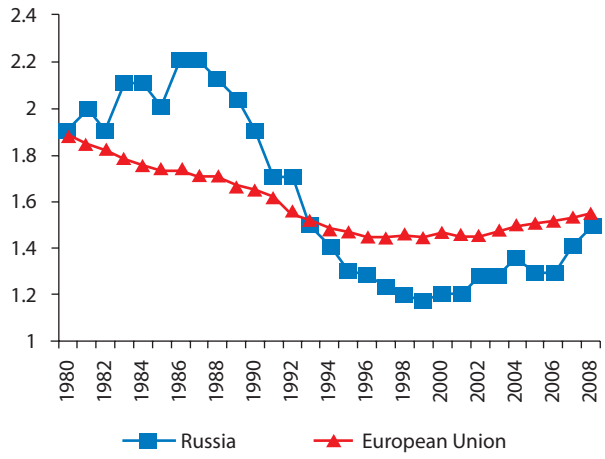


Figure 5.5. Overall birth rate per woman in Russia and the European Union, 1980-2009
Source: World Health Organization



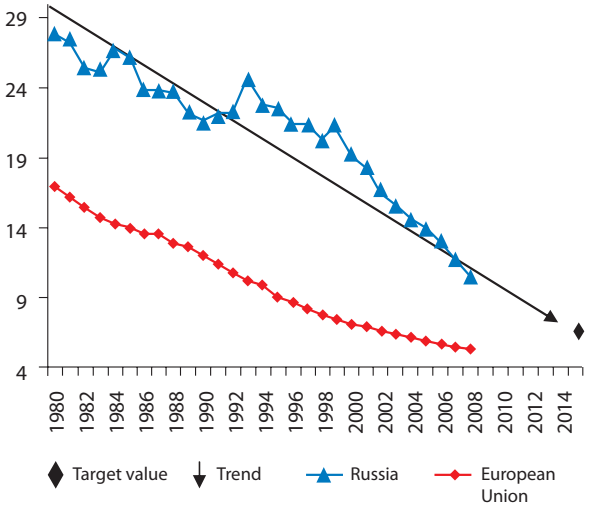
5.2. Reducing mortality among children under 5

The Millennium Development Goals ratified by the international community in 2000 include the task of reducing mortality among children under 5 by two thirds in 2015 compared with 1990. So Russia should reduce the level of mortality in this age group (21.5 per 1,000 in 1990) to 7 per 1,000 by 2015. The latter rate was registered in Israel in 2000 and in Estonia in 2002, and the average level of mortality among children under 5 is even lower in the European Union (about 5 per 1,000) (Figure 5.6). Rates of reduction slow down as they approach levels typical for developed countries at the end of the 20th century (about 5 deaths per 1,000), but there is every reason to believe that Russia will reach the MDG target by 2015 (the target level and trend are

shown in Figure 5.6). However, it should be noted that mortality indicators for children under 5 are artificially low in Russia due to incomplete registration of infant mortality, which represents the largest part of overall children mortality.

Mortality of children under 5 is measured as likelihood of death in the period from birth to five years of age per 1,000 live-born children. The risk becomes much lower after the first weeks of life. Infant mortality (death in the first year of life) accounts for 80% of mortality of children under 5 and about 90% of infant mortality is perinatal mortality during the first week of life (Box 5.2).

Figure 5.6. Mortality among children under 5 years per 1,000 live-born children in Russia and the European Union in 1980-2009. The indicator target for Russia is also shown. Source: World Health Organization



One way of overcoming the tendency to underestimate infant mortality would be to calculate a complex indicator, unifying fetus death and death in the first year of life. Foetus death is a relatively stable indicator in developed countries: although it has decreased from 6 to 4 per 1,000 children during 20 years of observation (probably due to improved treatment of complications in pregnancy), its further reduction is unlikely. This indicator is much more labile in Russia due to manipulation of figures for infant mortality, which has much scope for reduction.

It is true, though, that scope for reduction of infant and child mortality in Russia has its limits. Based on current levels of scientific development, reduction below 3-4 per 1,000 does not appear possible.

The World Health Organization has estimated that infant mortality rates in Russia are understated by 12% (Figure 5.8), but estimates made using other approaches indicate that up to a third of all infant deaths may be unregistered[8]. The official position of the Ministry of Health and Social Development is that the under-reporting is 10-15%. An indicator that can be used in view of incomplete registration of infant mortality in Russia is an overall count that includes both infant mortality and still-births (Figure 5.9).

BOX 5.2. Infant mortality estimation problems

Despite all efforts, Russia has still not switched to the definition of 'live birth' accepted by the World Health Organization in 1992: 'The complete expulsion or extraction from its mother of a product of human conception, irrespective of the duration of pregnancy, which, after such expulsion or extraction, 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 live birth is still frequently used. It refuses to admit the following instances as cases of childbirth: pregnancy term less than 28 weeks, weight less than 1,000g, body length shorter than 35 cm, and also death within seven days. It is also important to note that the pregnancy term cannot always be accurately measured, and midwives may give varying estimates. Introduction of the World Health Organization's definition is also impeded by the fact that, according to the Soviet definition, breathing is the sole criterion of life. By reason of all these discrepancies some children, who would be deemed live-born in other counties, are deemed still-born in Russia (Figure 5.7) and are not included in infant death statistics. Monitoring of progress in MDG achievement in Russia may be rendered difficult in such a case as that of infant mortality, and may lead to data manipulation instead of a real improvement in the situation.

[8] K. Danishevski, D. Balabanova. M. McKee, E. Nolte, N. Schwalbe, N. Vasilieva. Inequalities in Birth Outcomes in Russia: Evidence from Tula Oblast. Paediatr Perinat Epidemiol. 2005 Sep;19(5): pp.352-9.

Figure 5.7. Still births per 1,000 children born in Russia and the European Union, 1985-2009. Source: World Health Organization

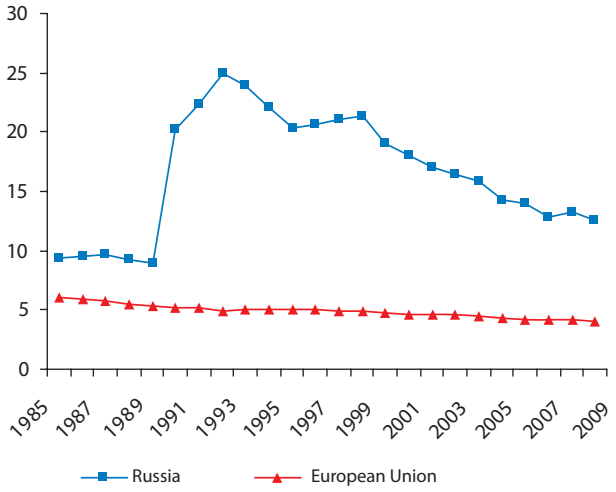
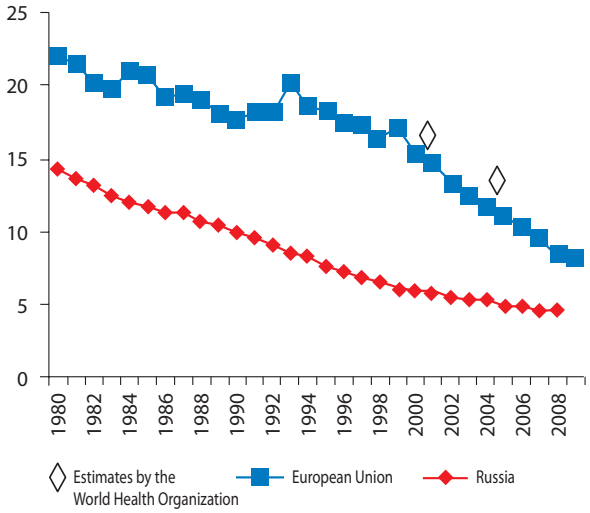


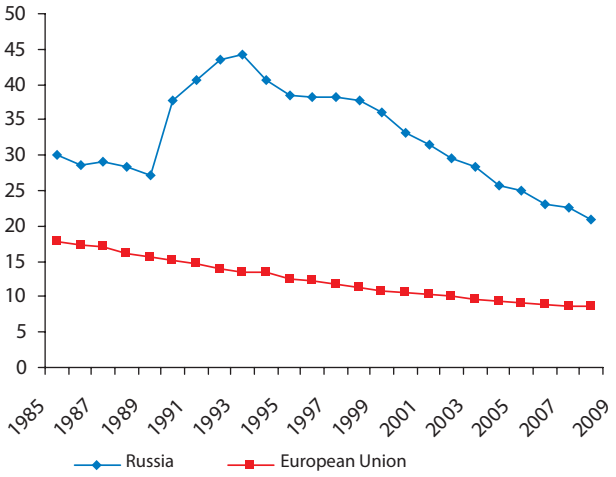
Figure 5.8. Infant mortality per 1,000 live births in Russia and the European Union,1980–2009, including data for Russia in 2000 and 2004 based on calculations by the World Health Organization. Source: World



Analysis shows that impact on Russian life expectancies from achievement of the Health MDG would not be great[9]: reduction by two thirds of infant mortality and mortality of children aged 1-4 as prescribed by the MDG would add 0.76 and 0.17 years to life expectancy, respectively. For comparison: 20% reduction of mortality among people of working age would lead to extension of life expectancy by two years[10]. Currently about 17,000-18,000 children under 5 die in Russia every year, and somewhat less than 15,000 of the total are infant deaths. For comparison: the number of deaths from cardiovascular disease is 1.2 million, and deaths from external factors are 270,000, many of which are premature and preventable.

The indicators, which we have proposed for monitoring of the child mortality situation in Russia include numbers of breast-fed children and numbers of children vaccinated against main diseases, which can be prevented by vaccination, proportion of children staying with their mothers in maternity departments. According to World Health Organization data, the share of breast-fed children aged 3-6 months in Russia is relatively stable even though milk formula is increasingly available. While the share of 3-month breast-fed children declined somewhat, from 45% to 40% between 1995 and 2005, the share of breast-fed children aged 6 months rose from 32% to 36% (Figure

Figure 5.9. Number of still-births and deaths in the first year of life per 1,000 children born in Russia and the European Union in 1985-2009. Source: World Health Organization



5.10). Indicators for many developed countries are similar to those for Russia and in some countries they are lower. Overall, low shares of breast-fed children are a significant problem for East European countries such as Poland, Serbia and the Baltic States, while in Scandinavia

[9] B. Rechel, L. Shapo and M. McKee. Appropriate Health-related Millennium Development Goals for Europe and Central Asia Region: Potential Impacts and Policy Implications.

[10] K. Lock, E.M. Andreev, V.M.Shkolnikov, M. McKee. What Targets for International Development Policies are Appropriate for Improving Health in Russia? Health Policy Plan. 2002 Sep; 17(3): pp.257-63.

Figure 5.10. Share of 3- and 6-month-old children in Russia who are breast-fed, 1990-2007.
Source: World Health Organization

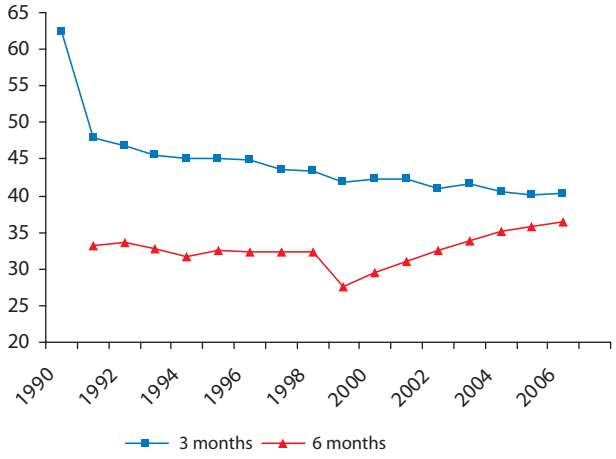
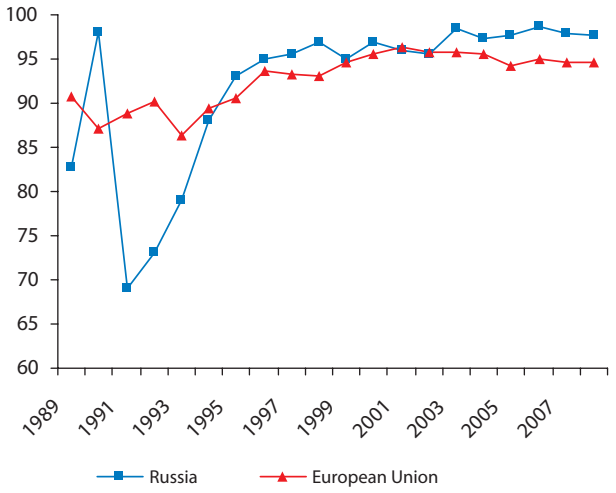


Figure 5.11. The share of children vaccinated against diphtheria, Russia and European Union, 1989-2008.
Source: World Health Organization



the share of 3-month breast-fed children is above 60%. Countries with lower levels of economic development have much better indicators overall: on average, about 90% of children aged 3 months are breast-fed in the Central Asian Republics.

The level of vaccination against most of the traditional vaccination-prevented diseases (diphtheria, measles, tetanus, whooping cough and poliomyelitis) remains high in Russia at 97-98%, which is higher than the EU average (Figure 5.11). Vaccination against hepatitis B has also been introduced, although vaccination against B-type haemophilus influenzae has not been made standard. (Box 5.3). Vaccination against the human papilloma virus is only offered on a paid basis and is being introduced too slowly. Vaccination against tuberculosis is still used in Russia, despite increasing evidence that it does more harm than good[11]. It should be noted that the right of patients to informed consent before vaccination is frequently not observed, especially in the first days after birth in maternity clinics.

Unfortunately, the exact share of children kept in joint-stay facilities during the first days of life is unknown, but it clearly remains low. Access for relatives and friends to natal departments, presence of a partner during delivery, joint stay, and various other practices have been acknowledged as positive[12]. Unfortunately, they are still only available to paying patients in 'elite' maternity departments.

Pregnancy and delivery in Russia remain sometimes dangerous and often unpleasant processes overall[13,14]. The reasons for mortality among children aged 1-4 have not been investigated and measures to reduce mortality rates in this group have not been implemented.

Russia should change over to WHO criteria in order to address under-estimates of infant mortality. It is impossible to manage healthcare properly without exact indices calculated using a method that enables international comparisons. Even if the target for MDG 4 is not reached by 2015, and the official infant mortality index increases as a result of changeover to the live-birth criteria established by the WHO, successes in reduction of this indicator over recent decades will be considerable. We would repeat the thesis stated in the 2005 Report: possibilities for reducing infant mortality by two thirds were calculated on the basis of the situation in developing counties, where MDG 4 could be achieved simply by increasing the number of midwives, and providing them with clean water to wash their hands, and with main vaccines. In countries where child mortality indices are already comparatively low, proportional reduction will

[11] M. Bannon (1999), BCG and Tuberculosis. Arch Dis Child 80 (1): 80–3.
[12] M. Enkin, M. Keirse, M. Renfrew, J. Neilson (2000). A Guide to Effective Care in Pregnancy & Childbirth, third edition. UK. Oxford University Press, 2000.
[13] A.V. Saverskiy, S.A. Saverskaya. How to Make Delivery Safe in Russia. Exmo, 2009.
[14] K Danishevski, M. McKee, D. Balabanova, Variations in Obstetric Practice in Russia: a Story of Professional Autonomy, Isolation and Limited Evidence. J Health Plann Mgmt 2009; 24: pp.161–171

BOX 5.3. Vaccination in Russia

Russian Federation has a high (97-99%) level of coverage of the population with prophylactic immunization against infections, manageable by specific immunologic measures, i.e. pertussis, diphtheria, tetanus, measles, mumps, rubella, B type hepatitis, which allows to maintain low levels of disease. Introduction of newborn babies' immunization with inactivated vaccine against poliomyelitis solved the problem of vaccine-associated poliomyelitis. Mass vaccination against B-type hepatitis have not only drastically decreased the incidence of infection, but reduced the number of patients with chronic liver pathologies, which will reduce the number of patients with primary liver cancer in the long run.

Reduction of the incidence of infectious diseases is a significant reserve for reducing infant mortality, 40% of which is caused by infectious diseases.

Work is under way to update the national prophylactic vaccination calendar – introduce vaccination against infections caused by b-type Haemophilus influenzae.

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

be harder to achieve. Thus, it is not likely that the MDG mortality reduction target for children under 5 will be achieved in the European Union.

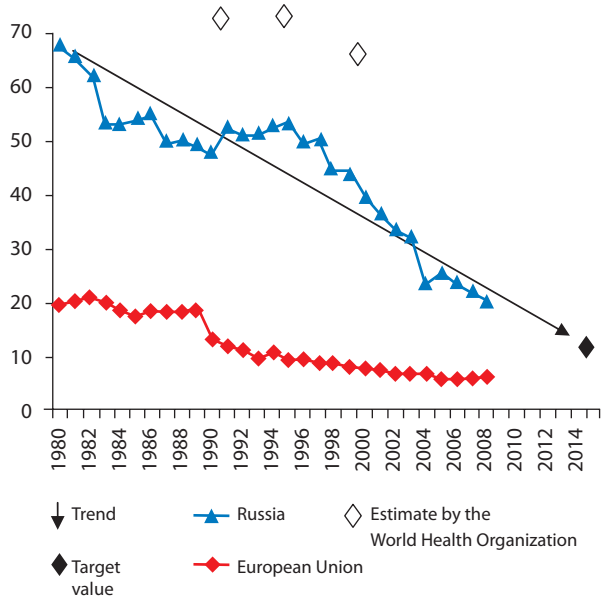
By 2020 infant mortality in Russia may be reduced to a level comparable with current EU indicators. This could happen earlier on an optimistic scenario.

5.3. Reduction of maternal mortality

In 1990 the level of maternal mortality in Russia was somewhat lower than in the preceding and subsequent seven years (to all appearances, by reason of chance fluctuations) and stood at 47.4 per 100,000 registered childbirths. To reduce the death rate by 75% in accordance with MDG 5, the maternal mortality in Russia should be reduced to 11.8 per 100,000 live births by 2015, which is higher than, for example, in Hungary (8.3) and Estonia (7.7) in 2002. The indicator is steadily declining in Russia, which gives reason to believe that Russia will be able to achieve MDG 5 (Figure 5.12).

Maternal mortality is defined by the International Classification of Diseases as 'death of a woman conditioned by pregnancy (regardless of its duration and localization), which occurred during pregnancy or 42 days after its end for any reason relating to the pregnancy or complicated by it, or by its conduct, but not as a result of an accident or chance occurrence'. The indicator is usually calculated per 100,000 live births per year. However, it is often hard to match up pregnancy and death, as many deaths during pregnancy may be conditioned by complication of existing diseases or other risk factors. The use of different formulas and occasional fluctuations

Figure 5.12. Maternal mortality per 100,000 live births in Russia and the European Union, 1980-2009. Values for Russia are given for 1990, 1995 and 2000 as per calculations by the World Health Organization. The target value for 2015 is also shown .
Source: World Health Organization



of the indicator make comparison between regions and periods more complicated, due to a low number of maternal deaths in developed countries and countries with transition economies. The indicator is often under-estimated even in countries, which have powerful and smoothly operating data collection systems[15].

The following criteria were proposed in the Human Development Report for 2005 for measuring achievement of MDG 5:

[15] L.A. Turner et al., Maternal Mortality and Morbidity Study Group of the Canadian Perinatal Surveillance System. Under-reporting of Maternal Mortality in Canada: A Question of Definition. Chronic Dis Can. 2002; 23(1). pp. 22-30.

Figure 5.13. Childbirths and abortions (absolute numbers) in Russia, 1980-2009. Source: Rosstat

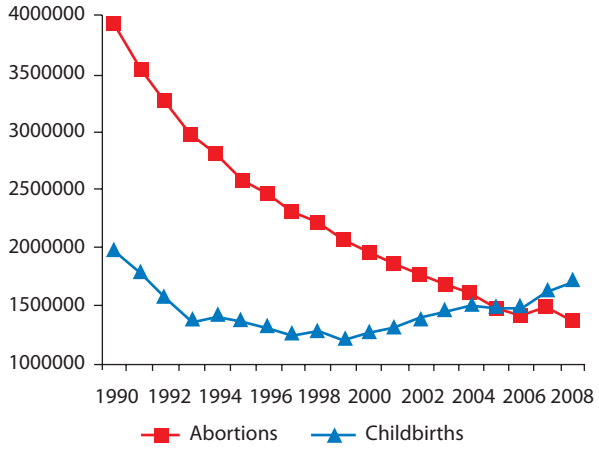
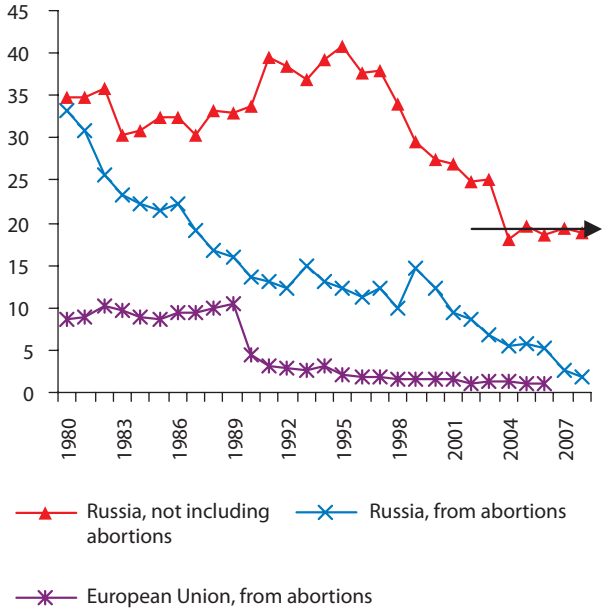


Figure 5.14. Maternal mortality in Russia not including deaths from abortions; deaths from abortions in Russia and European Union per 100,000 live-born children, 1980-2009. Source: World Health Organization



- decrease of the number of abortions to less than one million a year;
- decrease of maternal mortality from abortions to 2 per million abortions, with complete eradication of illegal abortions;
- decrease of maternal mortality from all other reasons to 15 per 100,000 by 2015.

Maternal mortality in Russia still has a somewhat different meaning than in developed countries, due to a high number of abortions. In the 1990s there were approximately two abortions to one delivery in Russia, which is to say that there were over two million abortions per year (down from 3.6 million in 1991!). Despite considerable reduction in the number of abortions, the number of childbirths only exceeded the number of abortions as recently as in 2007 (Figure 5.13).

The maternal mortality risk group, i.e. pregnant women, was twice larger than the number of women, who give birth to live children and who figure in the denominator when the indicator is calculated. Nevertheless, as the number of abortions in Russia decreases and their safety increases, deaths relating to abortions have been playing a minor part in maternal mortality structure in recent years. Unfortunately, maternal mortality reduction in Russia during recent years has been associated solely with change of the situation in respect of abortion. In 2004-2008 no progress was made in reduction of maternal mortality from causes other than abortions (Figure 5.14), which exceeded the level in Western Europe by 3-4 times.

5.3.1. Pregnancy termination and its role in maternal mortality

In the 1980s almost a half, and in 2000 a quarter of maternal deaths were caused by abortions. As of 2008, about 10% of maternal mortality was due to abortions (Figure 5.14). Only 15% of deaths from abortions in 2008 were associated with legal abortions.

Reduction in the number of abortions (Figure 5.15) has been accompanied by improvement of their safety levels and reduction in the number of illegal abortions (or their becoming safer). Mortality from legal medical abortions in the 1990s was about 7 deaths per million abortions, and by 2008 this figure had declined to 4. Legal abortion in Russia is now one of the safest surgical interventions. There were only 60 deaths from abortions in the 1990s and 23 in 2008 per million registered abortions, including those outside clinics. Maternal deaths (including still-births) are 200 (210). So, as of 2008, the mortality risk associated with abortion is 50 times lower than that associated with pregnancy ending with childbirth.

Limitation of abortions has been recently suggested as a way of boosting the birth rate[16]. The

[16] Report by T.A. Golikova, the Minister of Health and Social Development of the Russian Federation, 'On execution in 2007-2009 of actions specified by the Plan for Implementation of the Demographic Policy Concept of the Russian Federation up to 2025 for improvement of health conditions of women, children and teenagers.' Meeting of the Presidential Council for National Projects and Demographic Policy (January 19, 2009).

number of abortions in Russia has been reduced almost three times since 1991. The maximum number of abortions in Russia was recorded in 1964 (5.6 million). The greatest successes in reduction of the number of abortions were achieved in 1994-1997, when a presidential family planning programme was in effect. When state support for family planning was withdrawn, the rate of reduction in number of abortions almost halved. The right of a woman to carry out an abortion is stated in law in most developed countries. Among European countries only Malta and Ireland forbid medical abortion at a woman's request, and they were joined by Poland in the early 1990s. Prohibition of abortions in Poland did not prevent a childbirth recession, which was also observed in all other post-communist countries. Attempts at abortion prohibition had also been carried out in the USSR and socialist Romania, but they failed to stop reduction of the birth rate and led to drastic increases of maternal mortality due to criminalization and cases of abortion in unsanitary conditions. There is no evidence to suggest that abortion limitation will lead to growth of the birth rate.

As mentioned above, in 2008 the mortality risk associated with abortion was 50 times lower than that associated with pregnancy ending with childbirth. There are also no reliable data suggesting that medical abortion increases the likelihood of infertility. Limitation of access to abortions does not influence the birth rate. These points refute arguments which attempt to use scientific or demographic data to support further limitation of abortions, leaving religious and philosophic arguments as the only ones that can be adduced, and we should remember that Russia is a secular state, where religious arguments only carry weight for a small part of the population.

Medical data speak eloquently in favor of relative accessibility of abortions: their prohibition does not lead to their considerable reduction, but in their criminalization and resultant growth of maternal mortality. Family planning methods are capable of reducing the number of abortions to a very low level, similar to that in Western Europe, of 2 per 10 childbirths (Figure 5.15), which would mean 300,000-400,000 abortions a year in our country. Naturally, ensuring accessibility of abortions should not be equated with their active encouragement, and does not cancel the necessity of providing young parents and single mothers (including under-age mothers) with social support.

Figure 5.15. Number of abortions per 1,000 live-born children in Russia and European Union, 1980-2009. Source: World Health Organization

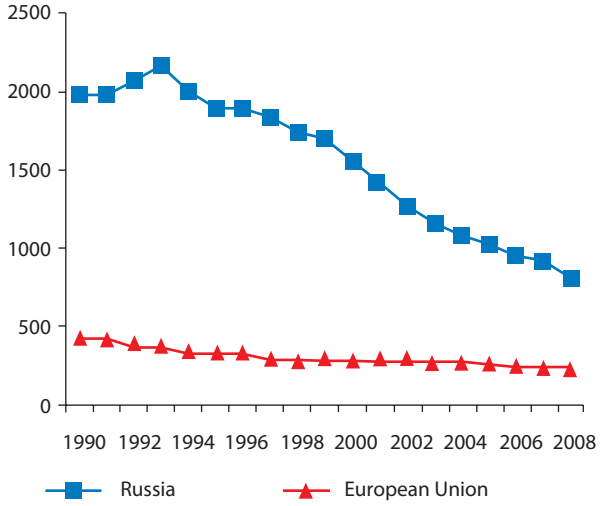
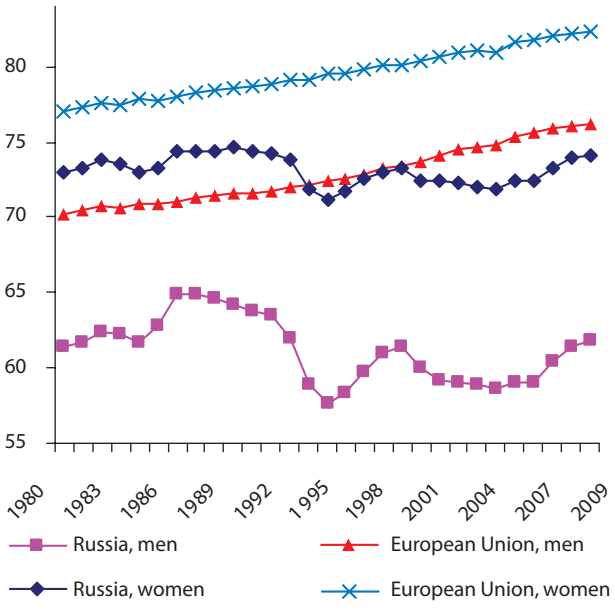


Figure 5.16. Life expectancy of men and women in Russia and European Union in 1980-2009. Source: World Health Organization



5.4. MDG for health in Russia. The issue of avoidable mortality from non-communicable diseases

As was already mentioned in the Report of 2005, mother and child health indicators are sometimes considered not as general indicators of health or healthcare, but as elements to help deal with a

Figure 5.17. Life expectancy of men at 1 year of age, Russia, Belarus, Ukraine, Central Asian Republics, 1980-2007 Source: World Health Organization

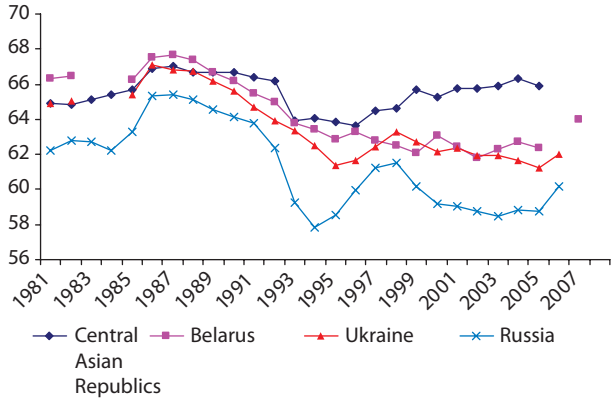


Figure 5.18. The structure of mortality in Russia, 2005-2007. Source: World Health Organization

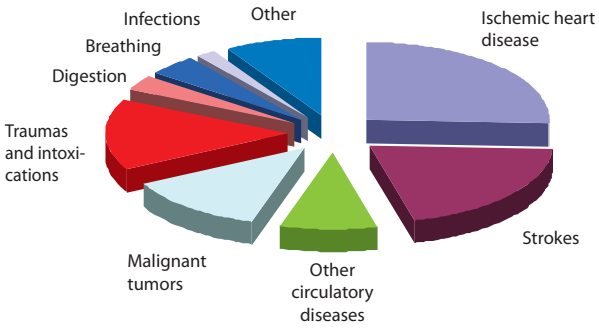


Figure 5.19. Standardized mortality from ischemic heart disease per 100,000 people per year in Russia and European Union, 1980-2009

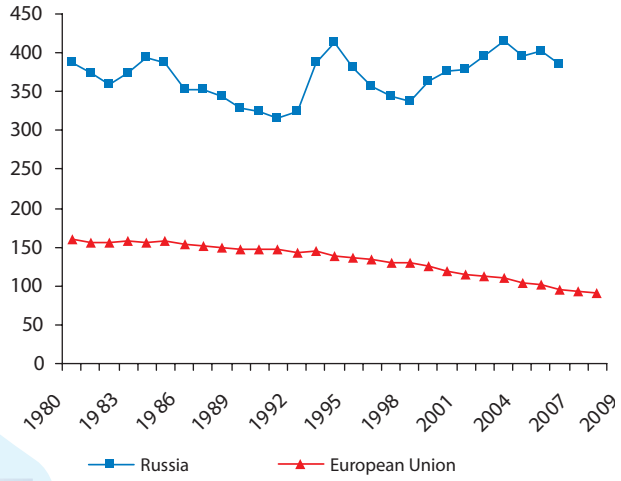
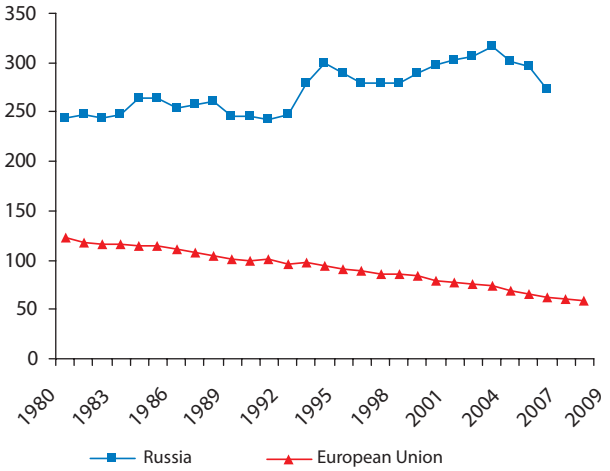


Figure 5.20. Standardized mortality from strokes per 100,000 people per year in Russia and European Union, 1980-2009. Source: World Health Organization



demographic crisis. But, despite the importance of reproductive and children's health issues, effect from improvement of these indicators for solution of population health issues in Russia will be much lower than from a reduction (even a small reduction) of early mortality among people of working age. Millennium Development Goals 4 and 5 are not priority Goals for Russia. We have tried to single out some important health indicators and consider them in the context of the Millennium Development Goals+ taking due account of the current unfavorable situation around public health in Russia.

Low life expectancy, especially that of men, is the most acute problem for Russia. Men in Russia live 14.5 years less than in Western Europe, and 12 years less than Russian women. Since 2000 Russian women have shorter life expectancy than men in the European Union (Figure 5.16).

Comparison of life expectancy in Russia and in former USSR republics leads to even less heartening conclusions. Life expectancy of Russian men is still the lowest in Eurasia despite some growth: Russia is two years behind Ukraine and Belarus and approximately six years behind Central European countries in this respect (Figure 5.17). Infant mortality figures in Central Asia are under-stated to an even greater extent than in Russia, so the ex-Soviet comparisons are made using the indicator of life expectancy at 1 year of age (not at birth), which is much more exact as applied to the former republics of the USSR.

The biggest contribution to mortality structure in Russia (and other countries with developed and

transitional economies) is from cardio-vascular diseases, traumas and oncology (Figure 5.18). Heart attacks account for about 25% of deaths and strokes for 20%, although many other causes of death, such as alcoholic poisoning, are also placed erroneously in this group[17]. Mortality from heart attacks in Russia is four times higher than in the European Union, and mortality from strokes is 5-6 times higher (Figures 5.19 and 5.20). Another 15-20% of deaths are from cancers. As many as 25% of male deaths and 15% of female deaths from cardio-vascular diseases are induced by alcohol.

Mortality from traumas and poisoning is four times higher in Russia than in the European Union (Figure 5.21). However, only one part of this indicator – road deaths – has been properly studied. About 35,000 people die as a result of traffic accidents every year in Russia, and Russian indices of mortality due to traffic accidents per 100,000 persons are the highest in the entire European region, traditionally comparable only with Latvia. Mortality per capita on Russian roads is about 2.5 times higher than in the European Union (Figure 5.22), although the ratio of vehicles to population is much lower in Russia at 14 vehicles per 100 persons compared with 55 in Europe and 75 in the USA.

Pedestrians are 40% of all those, who die in road accidents in Russia, representing the highest percentage in the world. It is common knowledge that alcohol is an extremely frequent cause of traffic accidents resulting in serious injuries. Inefficiency of the Russian traffic police (State Traffic Safety Inspectorate) makes it impossible to establish the exact percentage of traffic accidents associated with alcohol, but official statistics show that over 31,000 traffic accidents each year are caused by alcohol, and sampling studies suggest that more than a third of all serious traffic accident are due to drunk drivers. Reduction of road accident mortality has been given priority in recent periods and notable successes have been achieved. International investigations suggest that the key contribution has been from changes in traffic rules: more severe sanctions for drunk driving, speeding, driving on the wrong side of the road, and going through a red light[18]. Detailed independent investigations are needed in order to establish which measures have been most effective in reducing mortality from traffic accidents in Russia.

Figure 5.21. Standardized mortality from traumas and intoxications per 100,000 people per year in Russia and European Union, 1980-2009.
Source: World Health Organization

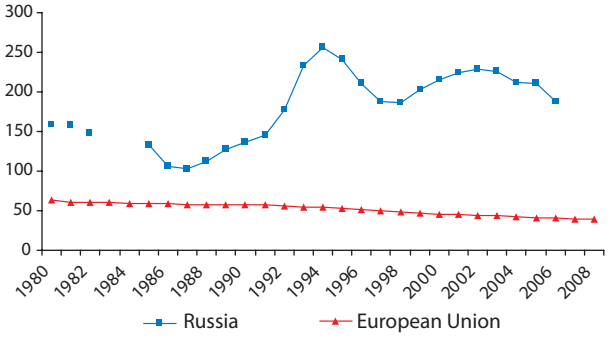
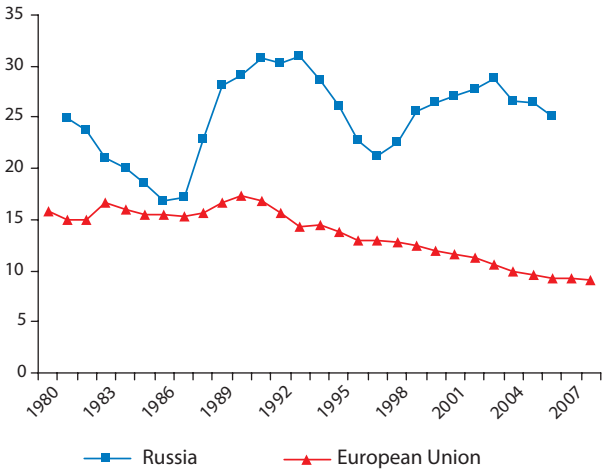


Figure 5.22. Standardized mortality from traffic accidents per 100,000 people per year in Russia and European Union, 1980-2009.
Source: World Health Organization



It must also be noted that mortality from suicides in Russia is 2.5 higher than in the European Union, and murder rates are 20 times higher. There are nearly 40,000 suicides in Russia every year, and 55% of them are linked to alcohol abuse. Three quarters of the murder count, which exceeds 25,000 per year, are linked to alcohol abuse[19].

Mortality from oncological diseases is on roughly the same level in Russia as in the European Union (Figure 5.23). Mortality from cancers, which are hard to prevent, such as breast cancer, is on the same level in Russia as in other countries with a similar level of economic

[17] D. Zaridze et al. Alcohol and Cause-specific Mortality in Russia: A Retrospective Case–control Study of 48 557 Adult Deaths, 2009, Lancet, 373, pp. 2201-2214
[18] See, for example, European Status Report on Road Safety. World Health Organization 2009
[19] A.B. Nemtsov, A.T. Terekhin. Extent and Diagnostic Composition of Alcoholic Mortality in Russia. Addiction Medicine. No.12, 2007

Figure 5.23. Standardized mortality from malignant tumors per 100,000 people in Russia and European Union, 1980-2009. Source: World Health Organization

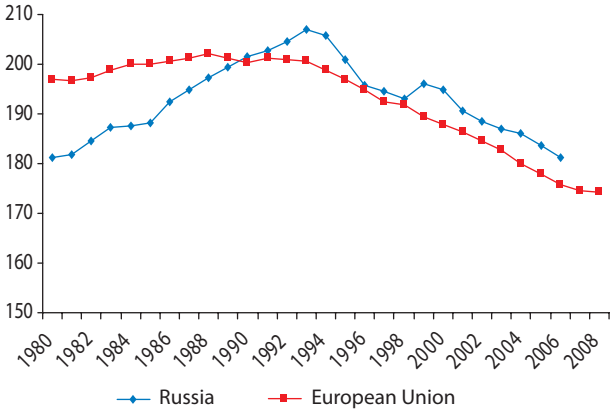


Figure 5.24. Standardized mortality from breast cancer per 100,000 women per year in Russia and European Union, 1980-2009. Source: World Health Organization

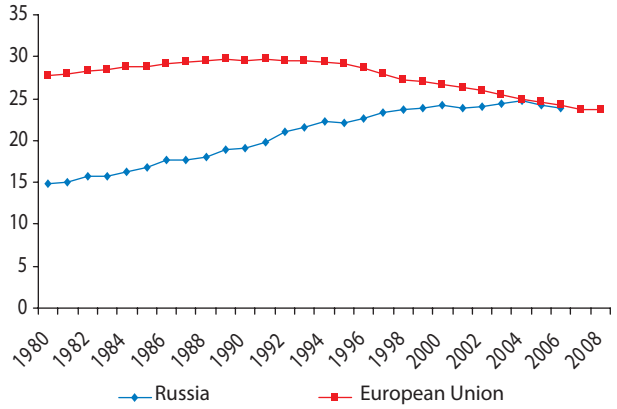
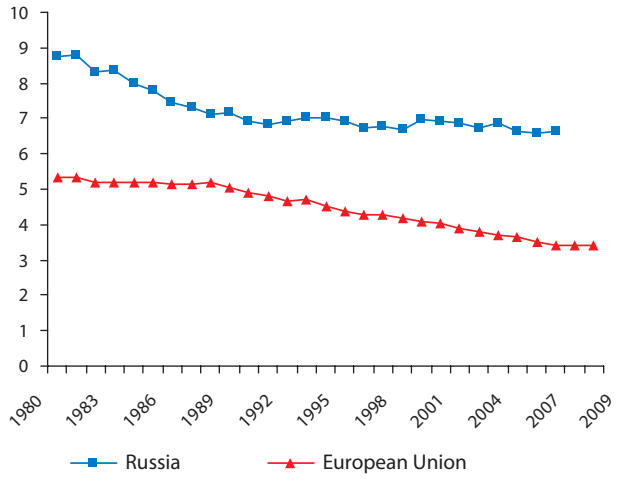


Figure 5.25. Standardized mortality from cervical cancer per 100,000 women per year in Russia and European Union, 1980-2009. Source: World Health Organization



development (Figure 5.24). However, mortality from cancer types, which can be medically prevented, such as cervical cancer, is considerably higher in Russia (Figure 5.25).

5.5. Analysis of measures needed to reduce preventable working-age mortality in Russia

Health is an invaluable asset for each human being. It is erroneous to view health merely as a means of increasing population or achieving economic growth. It is essential to select the most effective tools for improvement of health indicators.

According to estimates by the Ministry of Health and Social Development of the Russian Federation, important positive demographic results have been achieved in recent years, due in part to the 'Health' national project (Box 5.4).

Despite positive trends in demographic indicators, issues of funding and use of funds for improvement of public health, and the efficiency of such spending remains debatable. Disease prevention in Russia has traditionally been confused with identifying and diagnosing the disease. However, genuine primary prevention is the most efficient approach, not only because it is less expensive than medical intervention: it also prevents disease incidence and contact with the medical system, which is always associated with negative emotions. In Russia 'prevention' is often identified with attempts to pin down a disease, when it has already started to progress. But the most efficient model of primary prevention is to remove risk factors, i.e. to reduce access to tobacco products and alcoholic drinks (in Russia, particularly hard liquor), food with high fat content, and other high-risk practices and phenomena. The reality, though, is that the Government has rejected any significant increase of excise duties on tobacco and alcohol in 2010.

Improvement of traffic safety and removal of the causes that lead to traffic accidents is also a kind of prevention. At the same time it is important to encourage positive phenomena that have preventive effect: fresh fruits and vegetables should be affordable and easy to find; there should be affordable and accessible opportunities to practice sport and physical exercise; and for those (the majority) who do not become involved in such activities, city planning should

BOX 5.4. Reforming of the health care system

Russia has been able to implement a number of integrated measures for development of healthcare in recent periods, despite the financial and economic crisis. Financing was focused on programmes for prevention and treatment of diseases with serious social impact as part of the 'Health' national project. Large-scale programmes have been carried out to encourage healthy lifestyles and to prevent oncological diseases and tuberculosis, and steps have been taken to address vascular disease, injuries on the road, HIV and hepatitis. Programmes for development of rural healthcare, nuclear medicine and biomedical technologies are ready for implementation.

Progress is being made in systemic reform of healthcare: national medical standards have been developed and are being implemented; the financial basis for state guarantees of free medical care is being enhanced; preparatory work is being carried out for reform of the compulsory medical insurance system; the entire network of care and prevention facilities in 83 regions of the country is being renewed and re-equipped; use of remote healthcare and IT technologies is being developed; and continuing education and HR policy in the health profession are being improved.

These measures have proved effective: overall mortality has been reduced by more than 9% over four years, including 24% improvement for infant mortality, 17% for maternal mortality, 8% for mortality due to vascular disease, 26% reduction of deaths from traffic accidents, and decline in deaths from tuberculosis by 21%. Life expectancy has been extended by 3 years. These achievements represent significant progress towards solution of demographic problems, improvement of public health, and enhancement of life quality in Russia.

Results to date prove that we are on the right path and inspire optimism. The Government of the Russian Federation has therefore decided to further increase support for healthcare reform through enlarged financing of the health system to ensure equal access to high-quality medical assistance.

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

encourage healthy lifestyles by creating parks and public places, which are safe, and bicycle lanes and pavements along roads, so that travel to and from work becomes a form of exercise.

Some early diagnostic methods could also be helpful. Early diagnostics of cervical[20] and rectal[21] cancer are effective, i.e. bring more benefits than adverse effects, while other cancer screening methods either lack proof of their usefulness or are harmful[22,23]. Scientifically unapproved health surveys in Russia discover many cases of prostate cancer which does not improve the quality or expectancy of life but only cripples males[24]. Diagnostics of some congenital diseases is also rather well researched and could be effective, but, as the case is with any screening, early diagnosis cannot be beneficial if not followed by effective treatment.

The damaging effect of screening may seem illogical, but, as we can see with almost all kinds of cancer, sometimes its adverse effect can outrun its benefit. Many oncologic diseases progress slowly while same neoformations can grow with various speed, depending on the patient. Often only a small part of patients have the "more malignant" fast growing type of disease, which is usually accompanied by earlier clinical presentations. With some types of cancer the absolute majority of patients have the slowly progressing form and clinical implications would have emerged only years after the diagnosis, if the patient would live that much. Nevertheless screening mostly detects slow forms of cancer, while fast growing, "more malignant" forms are detected when the patient visits the doctor with specific complaints. Cancer often hits senior people and many oncologic diseases emerge just a few years prior to death, which is often caused by other diseases. Thus, autopsy of senior people who have died of non-oncologic causes often reveals tumors which did not cause any trouble when the patient was alive. Therefore, early diagnostics detects a small percentage of tumors, which would disclose themselves in the course of the patient's life, at an early stage, when treatment is

[20] Arbyn M, Kyrgiou M, Simoens C, Raifu AO, Koliopoulos G, Martin-Hirsch P, Prendiville W, Paraskevaidis E. Perinatal mortality and other severe adverse pregnancy outcomes associated with treatment of cervical intraepithelial neoplasia: meta-analysis. BMJ. 2008

[21] Hewitson P, Glasziou PP, Irwig L, Towler B, Watson E. Screening for colorectal cancer using the faecal occult blood test, Hemoccult. Cochrane Database of Systematic Reviews 2007, Issue 1.

[22] Manser R, Irving LB, Stone C, Byrnes G, Abramson MJ, Campbell D. Screening for lung cancer. Cochrane Database of Systematic Reviews 2004, Issue 1.

[23] Gøtzsche PC, Nielsen M. Screening for breast cancer with mammography. Cochrane Database of Systematic Reviews 2009, Issue 4.

[24] Ilic D, O'Connor D, Green S, Wilt T. Screening for prostate cancer. Cochrane Database of Systematic Reviews 2006, Issue 3.

BOX 5.5. Tobacco addiction

According to studies by Imperial Tobacco in 1989, '43% of smokers tried to quit smoking during a 6-month period, but only 1.8% managed to do so. 72% of women, who stopped smoking during pregnancy, resume smoking after the childbirth. 50% of people with lung cancer resume smoking after the operation, and 40% of people with throat cancer smoke after the operation'[25]. These figures are comparable with the results of attempts to give up taking heroin and opiates[26].

possible. Besides, screening allows detection of tumors that would not be noticed until the patient's death. Sometimes there are no methods to distinguish fast growing tumors from slow growing ones. Treatment of oncologic patients often leads to serious side effects, crippling operations, often amputations, and, evidently, is an ordeal for the patient and his/her relatives. On the other hand effectiveness of treatment of many types of cancer is often unmeasurable or leads to a very small extension of the patient's life. In cases when treatment is inefficient early diagnosis extends the period when the patient knows his/her fate without any chance to improve the situation. Therefore, only a small number of screening technologies are really effective.

Clinical examinations (preventive medical check-ups for adults and children), which are already being provided to some degree, are inefficient for public health improvement. Screening of 'everyone for everything' is also inefficient because there are very few early-diagnosis technologies, which have been proved to do more good than harm. Clinical examination leads to detection of additional, sometimes non-genuine patients, who demand extra assistance and distract doctors and nurses from important treatment work, while large numbers of people who are seriously ill cannot obtain the medical assistance they need[27]. The difficulties of obtaining treatment in Russia for oncological, cardiovascular and urological disorders and for obtaining artificial limbs are recognized. Organ and body tissue transplants are almost unknown in Russia.

Estimates of mortality associated with risk factors in Russia suggest that at least 330,000 people die each year from smoking[28] and almost half a million from alcohol abuse[29]. The greatest potential for improving public health in Russia is from combating these catastrophic risk factors.

Tobacco is the only accessible product, use of which for its intended purpose, even in small doses, has negative impact on health, and half of smokers die prematurely due to their habit. Nicotine is also one of the strongest psychoactive substances causing dependence (Box 5.5).

In addition to dependence-causing nicotine, tobacco smoke contains many harmful substances including resins, carbon monoxide, formaline, cyanides, benzol and polonium[30]. Tobacco smoke contains a total of 69 carcinogenic substances[31].

The harm of tobacco smoking has been acknowledged not only by multiple investigations, but also in law, and the right to produce and sell tobacco products is not formalized in law. The Russian law, 'On limitation of tobacco smoking' merely restricts something, which is unlawful in itself, since it violates requirements for preserving public health and life, an infringes rights to health protection.

It should be remembered that we have more than 40 million nicotine-dependent people in Russia, who cannot be deprived of the substance they depend on at one fell stroke. Russian law requires withdrawal of tobacco products from retail sale. However, there could be a temporary dispensation to sell tobacco through specialized networks, available only to people who are nicotine-dependent and acquire the product for their own use.

In addition to gradual removal of tobacco products from the market, closure of tobacco factories and

[25] Internal report. Imperial Tobacco. 1989

[26] H.S. Cutter, A. Samaraweera, B. Price, D. Haskell, C. Schaeffer, Prediction of Treatment Effectiveness in a Drug-free Therapeutic Community. Int J Addict. 1977;12; pp.301-21; D.C. Lewis, Access to Narcotic Addiction Treatment and Medical Care: Prospects for the Expansion of Methadone Maintenance Treatment. J Addict Dis. 1999;18; pp.5-21

[27] V. Vlasov, K. Danishevsky, A. Saversky, E. Kornysheva, Report on Access to the Medical Assistance in Russia. Evidence-Based Medicine Expert Association. 2007.

[28] R.Peto, A.D. Lopez, J. Boreham, M. Thun, C.Jr. Heath, Mortality from Tobacco in Developed Countries: Indirect Estimation from National Vital Statistics. Lancet 1992; 339, pp.1268-1278; D. Zaridze, R. Peto, editors. Tobacco: A Major International Health Hazard, Lyon (France): International Agency for Research on Cancer, 1986: pp. 87-101 (IARC Scientific Publication No. 74)

[29] A.V. Nemtsov, A.T. Terekhin. Extent and Diagnostic Composition of Alcoholic Mortality in Russia. Addiction Medicine. No.12. 2007

[30] Reducing the Health Consequences of Smoking: 25 years of Progress. A Report of the Surgeon General. US Dept. of Health and Human Services, 1989.

[31] D.G. Zaridze, R.D. Safaev, G.A. Belitsky, K.D. Brunnemann, D. Hoffmann. Carcinogenic Substances in Soviet Tobacco Products. IARC Sci Publ. 1991; pp.485-8.

prohibition of its import, it will be necessary to fully implement the measures for prevention of tobacco smoking as established by the Framework Convention of the World Health Organization. The core of these measures is considerable increase of excise duties (by no less than 10-15 times for harmonization with the poorest countries of Europe) and steps to prevent illegal sale of tobacco, totally prohibit smoking in public places, and ban tobacco advertising.

In the 2005 Report we proposed the following indicators to measure progress in dealing with tobacco: reduction of tobacco production, stopping growth in the number of women smokers, and reducing the number of male smokers. Unfortunately, manufacture of tobacco products in Russia has continued to expand. Numbers of smokers are not officially monitored, but polling of a representative sample between November 2007 and May 2009 suggested that the share of smokers among men declined from 64% to 58.8%, and the share among women from 18.9% to 18.2%. About 4 million Russians (almost 3 million men and 1.2 million women) gave up smoking over this 18-month period in Russia[32]. However, these are short-term monitoring data.

The other principal cause of Russia's demographic crisis is extremely high consumption of alcohol drinks, particularly spirits, which boost mortality rates. A catastrophically large share of deaths among men of working age relate directly to alcohol consumption (poisonings, injuries due to intoxication) or are caused by diseases, brought on mainly by alcohol consumption (cardiovascular and infectious diseases).

Russia has one of the highest levels of alcohol consumption in the world. According to expert estimates, annual consumption in Russia is 14-15 liters of pure alcohol per capita. Almost half of strong alcohol in Russia is produced illegally. Alcohol mortality is lower by an order in countries, where alcohol is consumed mainly in the form of wine (France, Italy, etc.) or beer (Germany, Czech Republic, Ireland, etc.), than in Russia, where the share of hard drinks in alcohol consumption is about 70%. There is a direct dependence between the share of hard drinks consumption in total alcohol consumption, and life expectancy of men and women[33].

Chief measures that are needed to reduce mortality from alcohol include reduction of the production and consumption of alcohol, but also a change of the alcohol consumption structure. This approach has been successfully implemented in North European countries (Norway, Finland, Sweden, Great Britain, Denmark), and is now being implemented in Poland and some other countries of Central and East Europe.

The developed countries of Northern Europe have made a transition to dominance of beer and wine in alcohol consumption, considerably reducing consumption of strong drinks and hence also the death rate. But in Russia consumption of beer has increased while vodka consumption has remained at high levels. The main tool for transition to less strong alcohol beverages in developed countries was comparatively high price per gram of alcohol in hard drinks. Thus, in Germany and Holland the minimum price for a half-liter bottle of hard alcohol is about 9 euros (360 rubles), while the price of beer is about 25 euro cents (10 rubles) or less. The difference is even more substantial in Scandinavian countries. So, in Germany 100 grams of spirit cost less than 40 rubles when contained in beer and wine, and over 180 rubles when contained in hard drinks, while in Russia the prices are 100 and 45 rubles, respectively. We should also remember that 100 grams of spirit in illegal vodka may cost only 20 rubles for the consumer! Growth of the price of alcohol in hard drinks through excise policy, and reduction of availability of strong alcoholic beverages (by place and time of sale) are the key measures, which need to be urgently implemented in Russia. Measures also need to be taken against distribution of alcohol surrogates and counterfeit products. Measures to restrict accessibility and prohibit the advertising of beer and other low-alcohol drinks are also justified, though they will not have any considerable impact on the demographic situation.

5.6. Development scenarios

The Millennium Development Goals include the task of reducing mortality among children under 5 by two thirds in 2015 as compared with 1990. Russia has to reduce the level of mortality in this age group to 7 per 1000 persons over this period. Although rates of reduction slow down when a level typical for developed countries at the end of the 20th century (about 5 deaths per 1000) is reached, Russia could

[32] K. D. Danishevsky. Monitoring of the Situation with Smoking in Russia. Poll by Levada-Center. Unpublished data.
[33] D.A. Khalturina, A.V. Korotaev. Russian Cross: Factors, Tools and Ways of Overcoming the Demographic Crisis in Russia. Moscow: URSS, 2006

reach the MGD 4 target indicator by 2015 even by preserving the current tendency (inertial scenario). We should note that mortality among children under 5 in Russia is traditionally under-stated due to incomplete registration of infant mortality, which accounts for a major part of total child mortality.

In 1990 the level of maternal mortality in Russia was 47.4 per 100,000 registered child births. To reduce the death rate by 75% in accordance with Millennium Development Goal 5, the death rate in Russia needs to be reduced to 11.8 per 100,000 live births by 2015. Maternal mortality is being steadily reduced worldwide and is already significantly lower in a number of countries, which gives grounds to believe that Russia will be able to achieve MDG 5. The current tendency will be sufficient to achieve this (inertial scenario).

Investments in efficient programmes for reduction of maternal and child mortality will make it possible to even over-achieve the targets of MDGs 4 and 5 (optimistic scenario). However, impact on the demographic situation in Russia will not be significant.

Both inertial and optimistic scenarios are possible with respect to life expectancy, which is the key indicator of public health. The inertial scenario envisages continuation of life expectancy at its current level up to 2015 and 2020 and the optimistic scenario is for extension of life expectancy to the level of Central Asia by 2015. Tough measures to combat alcohol abuse could lead to achievement of a life-expectancy level equaling that of the Baltic States by 2015. Russia could achieve life expectancy similar to that in West European countries by 2020 through combating alcohol abuse with measures similar to those in Scandinavia, introduction of modern approaches to tobacco control, and a number of inexpensive and efficient medical interventions, (arterial hypertension control, encouraging physical exercise and healthy eating).

5.7. Conclusions and recommendations

Millennium Development Goal 4 makes infant, perinatal and neonatal mortality important indicators of the healthcare situation. Risk of infant deaths is low, but the phenomenon requires independent investigation, and it would be desirable to use the World Health Organization methodology, 'Beyond the numbers', which is not aimed at finding and punishing guilty parties, but at understanding how undesirable obstetrical outcomes can be avoided in the future. Implementation of the WHO's 'Safe motherhood' programme, which is based on scientifically proven non-medicalized approaches to pregnancy and childbirth, is also recommended. Achievement of MDG 4 will also require improvement of obstetrical and perinatal technologies, and monitoring of processes and work methods at maternity homes and departments as well as assessment of clinical outcomes.

In Russia perinatal mortality accounts for the largest share of mortality of children under 5, so its reduction will assist achievement of MDG 4 to a significant degree. Reduction of perinatal mortality requires modern standards of obstetrical care and improvement of support to women from disadvantaged backgrounds, as well as ensuring healthy eating, a healthy lifestyle, prevention of smoking and alcohol consumption (preferably in advance of pregnancy).

An aggregate of factors is important for reduction of maternal mortality in order to achieve MDG 5 in Russia. Reduction in the number of legal and illegal abortions and enhancement of abortion safety are established trends in Russia and have led to reduction of maternal mortality. Maternal deaths are infrequent in Russia and liable to fluctuation, so failure to reduce maternal mortality from all other causes is disquieting. One of five methods recommended by the World Health Organization – confidential enquiries into maternal deaths – is highly valuable for detailed understanding of the real healthcare issues associated with MGD 5 in Russia. However, the country will be able to achieve MDG 5 merely by maintaining the positive trends in abortions. If modern technologies of prenatal and childbirth care are introduced and maternal mortality from other causes is reduced, there is every reason to believe that Russia can outperform the MDG 5 target. Russia can achieve the current maternal mortality level in the European Union by 2020, and the optimistic forecast is for a mortality level of 5-7 per 100,000 live-born children by 2020.

Satisfactory development of Russian indicators for MDGs 4 and 5, for reducing mortality among children under 5 and maternal mortality, emphasize the fact that measures to improve health of working-age people deserve priority in Russia. At present, official reports on successes of healthcare and demographic policy implementation in Russia are largely based on figures for numbers of people, who receive medical assistance, and on increases of health spending. But, on the contrary, efficient programmes are programmes,

which have maximum effect at minimum cost, and effect should be measured by quality of people's lives and by such indicators as life expectancy. Escalation of the number of services rendered cannot be regarded as a positive government achievement, still less escalation of spending.

Achievement of MDGs 4 and 5 cannot be regarded as priority goals for overall healthcare policy in Russia: the maternal death rate is not high, and the infant death rate is steadily improving. On the other hand, mortality among Russians of working age, and hyper-mortality among men, present an issue that has been unresolved since the mid-1960s and requires special attention from the state. On average Russian men live 5-10 years less than men in Central Asia, and almost 20 years less than men in Western Europe. This gap is not increasing, but it is also not decreasing. Political measures to control and reduce tobacco sales, and to reduce alcohol consumption using the model of North European countries could greatly reduce and even eliminate these differences in health indicators.

ATTACHMENT

Table 5.1. MDG 4 and 5

MDG targets	MDG targets for Russia	Indicators of progress in goal achievement	Indicators of progress in goal achievement for Russia		Present indicator value (2008)	Indicator target for 2015		Indicator target for 2020
No analogues	Target 1. To increase life expectancy and reduce mortality from main causes	No analogues	Male life expectancy at birth		61.83	Return to or slight improvement compared with the level in the mid-1980s	65 years	64-70
			Female life expectancy at birth		74.16		75 years	77-81
			Standartised mortality ratio from ischemic heart disease (European standard)		385.55(2006 r.)		300 per 100,000	330-250
			Standardized ratio of mortality from cerebral and vascular diseases (European standard)		273.18 (2006 r.)		220 per 100,000	230-190
			Standardized ratio of mortality from external causes (European standard)		188.3 (2006 r.)		150 per 100,000	150-100
No analogues	Goal 2. To increase society's commitment to a healthy lifestyle	No analogues	Smoking, monitoring in different gender and age groups is preferable	% of smokers	59% men (2007), 18% women (2007)	Reduction for men and at least restraint for women	men: 50% women: no growth	55-30% men, 10% women
				Number of cigarettes per person a year	2820 (2005)	1500		Complete prohibition of production by 2020 is preferable
			Alcohol abuse (indirect indicators)	Mortality from the acute alcohol and alcohol surrogate poisoning	About 40,000 (2005)	Less than 20,000 a year		20 000- <1000
				Cases of alcoholic psychosis	46 (2006) per 100,000	Less than 30 per 100,000		30-12 per 100,000

Goal 4. Target 3. To reduce mortality among children under 5 by two thirds in 1990- 2015	Target 3. To reduce mortality among children under 5 by at least 50% in 1990-2015, from 21.5 to 11 per 1,000	Reduction of infant mortality. Better access to predelivery medical assistance, childbirth follow-up by qualified staff	Reduction of infant mortality Bringing pregnancy, childbirth and post-childbirth care technologies into conformity with the evidence based medicine standards, overcoming excessive medicalization of reproductive process	8.1 (2009) 40.4 36.4 While the mortality of infants and children is getting better, obstetric technologies are not improving fast enough overall	Less than 9 per 1,000 Breast feeding at 3 months - minimum 60% Breast feeding at 6 months - minimum 40% Rooming-in: no less than 70% of normal childbirths	6-4.5 Detailed monitoring of compliance with standards of the 'Safe motherhood' programme of the World Health Organization is required
		Reduction of mortality among children under 5	A safer environment is needed to reduce risk of death from the external causes	Index monitoring requires detailed data on trends in mortality from various causes among children under five. These data are collected, but methods of analysis need to be developed		To reject the indicator
		Increase of percentage of children vaccinated against measles to 90%	Maintenance of vaccination against main diseases at the current high level, regular update of immunization calendars	Over 95% for main vaccines included in the immunization calendar (against diphtheria, whooping cough, poliomyelitis, measles, parotitis and measles)	No less than 95%	Maintenance of the level
Goal 5. Target 6. To reduce maternal mortality by three quarters in 1990-2015	Target 4. To reduce maternal mortality by at least 50% in 1990-2015	Better access to pregnancy and childbirth care by qualified staff	Making the reproductive process safer by applying modern methods of pregnancy and childbirth care	18.8 maternal deaths not related to abortions per 100,000 live-births	Less than 15 per 100,000	15-5 per 100,000
		Greater availability of contraception	Reduction in the number of abortions	1.39 mln abortions	Less than 1 million abortions per year	1-0.4 mln abortions
			Making abortion safer	1.9 deaths per 100,000 abortions	2 per 100,000 abortions, complete eradication of deaths due to criminal abortions	1.5-1 deaths per 100,000 abortions

CHAPTER 6.
COMBAT HIV/AIDS AND OTHER INFECTIOUS DISEASES

The optimistic forecasts of the 1960s and 1970s that infectious diseases would be completely eradicated over the next couple of decades failed to come true, and current trends towards further globalization are exacerbating the effects of infectious diseases both on human health and on the economic and political stability of entire nations. Growing attention of the international community to the problem of infectious diseases is evidenced by regular appearance of this issue on the agendas of various meetings and conferences of world leaders (including the G8 meeting in St. Petersburg in 2006) and international financial agencies (such as the World Bank, and the Global Fund to Fight HIV, AIDS, Tuberculosis and Malaria).

MDG 6 sets two primary objectives: to reduce the burden of HIV/AIDS and to reduce the burden of tuberculosis. These two diseases have been singled out because they cause the bulk of demographic losses worldwide and are having an extremely negative economic impact. However, Russia has a very specific epidemiological situation and, as a consequence, has its own priorities in combating infectious diseases.

Targets under MDG 6, quantitative monitoring of target indicators, and forecasts can be found in Table 6.1 of the Attachment.

6.1. Overall epidemiological situation

Since the break-up of the Soviet Union, Russia has had several large parallel epidemics of infectious diseases. There was a sharp increase in sexually transmitted diseases (STDs), unprecedented by anything seen in industrialized countries during the 20th century. The incidence of syphilis, which is better documented than any other STD, increased 60-fold over a period of six years, peaking in 1997. The steady decline in incidence of tuberculosis, observed in Russia since the Second World War, also fizzled out by the early 1990s, and both the incidence of tuberculosis and the number of deaths caused by it more than doubled over the following decade. At the same time Russia experienced a colossal increase in consumption of illegal drugs. Initially, the main effect of this was an increase of parenteral hepatitis. However, once the first outbreaks of HIV were registered among users of illegal injected drugs in 1996, the spread of HIV in Russia quickly became epidemic.

Such a dramatic turn of events was precipitated by a combination of such factors as economic instability following the break-up of the USSR, decline of living standards among large numbers of people, government inability to maintain the country's healthcare infrastructure, collapse of the existing system for distribution of medications, and inability of a weakened healthcare system to adequately respond to new challenges.

Deterioration of the epidemiological situation in Russia in the 1990s provoked a number of extremely pessimistic forecasts[1,2], suggesting, for example, that by 2015 as many as 10 million Russians would be HIV positive, that average life expectancy for males would drop by 4 years, that catastrophic spread of HIV would cause the country's GDP to contract by 7%, etc. However, it is now apparent that the worst-case scenarios have not played out and the losses caused by infectious diseases, though significant, are not catastrophic for the country. Nevertheless, there is no doubt that HIV/AIDS, tuberculosis and a number of other infectious diseases whose spread is to a large extent determined by social conditions, continue to pose serious challenges to the healthcare system and that, over the next few years, they will remain a major contributing factor to population decline in the Russian Federation, impacting negatively on the country's human potential.

6.2. HIV/AIDS

The challenge of HIV/AIDS is as serious for Russia as for other countries in the world community. By late 2009 HIV had been registered in all parts of the country and the total number of official cases of HIV in Russia was 529,828[3,4] (Figure 6.1). Most experts are convinced

[1] D. F. Gordon, The Next Wave of HIV/AIDS: Nigeria, Ethiopia, Russia, India, and China. National Intelligence Council, September 2002

[2] C. Ruhl.,V. Pokrovsky, and V.Vinogradov, The Economic Consequences of HIV in Russia. The World Bank Group in Russia, 2002, available at http://www.worldbank.org.ru/eng/statistics/hiv/default.htm

[3] The Ministry of Health and Social Development of Russia, the Federal Supervision Service for Protection of the Rights of Consumers and Welfare, Federal State Science Institution 'Central Epidemiological Research and Development Institute', Federal Scientific Methodological Center for the Prevention of and Fight against HIV/AIDS. V. Pokrovsky, N. Ladnaya, E. Sokolova, E. Buravtsova. HIV/AIDS Information Bulletin No. 33, Moscow 2009

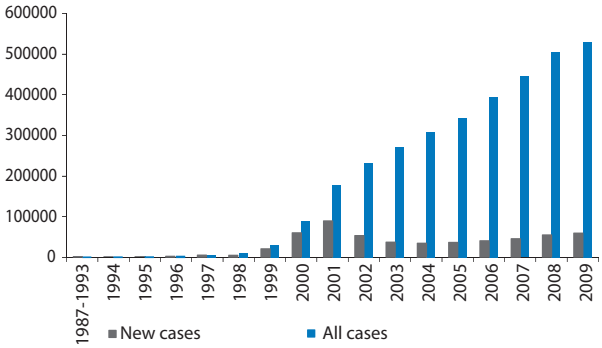
[4] Federal Scientific Methodological Center for the Prevention of and Fight against HIV/AIDS. HIV/AIDS in Russia in 2009. Information for an extended meeting of the inter-party work group of the State Duma of the Russian Federation for prevention and treatment of HIV/AIDS and other main infectious diseases, April 15, 2010.

that real numbers of people in Russia who are HIV-positive and of those already suffering from AIDS are much higher than suggested by the official statistics. The United Nations HIV/AIDS Programme and the World Health Organization estimate the number of HIV-positives in Russia at 940,000 people and set a range of possibilities between 630,000 and 1,300,000[5]. It is particularly alarming that the majority of HIV positive Russians are young people of working age.

Development of the current HIV/AIDS epidemic in Russia can be divided into three stages. The first stage occurred between 1996 and 2001 when the number of new HIV diagnoses saw explosive growth among users of illegal drugs. The rate of growth in HIV-positives declined steadily over the next three years, probably because the epidemic had reached saturation level among drug users and members of this risk group had switched to safer behavior thanks to implementation of a number of preventive programmes, dissemination of information on avoiding HIV infection through social networks, and relative availability of sterile syringes in most Russian towns and cities. But annual growth in HIV cases began to increase once again in 2005, which experts explain by a combination of several factors. First, the number of new registered cases depends directly on efforts to discover new cases of HIV. So it is natural that more active epidemiological surveillance and greater involvement of members of risk groups in testing over the past five years should have resulted in a greater number of registered cases. Second, a part of the recent growth can be attributed to the discovery of 'old' cases, i.e. people who were infected with HIV through drug use at the peak of the epidemic in the mid-1990s but who were only recently identified as HIV-positives after experiencing medical problems and seeking medical help. Third, a number of Russian regions have seen a significant recent destabilization of their epidemiological situation due to new outbreaks of HIV among users of injected drugs. In particular, incidence of HIV in Omsk Region soared by 600% in 2008, and over half of new HIV cases registered in Russia over the past two years have been clustered in five neighbouring Siberian regions[6].

According to criteria of UNAIDS and the World Health Organization (WHO), the Russian epidemic is currently at the stage of concentration among the most vulnerable social groups: users of injected drugs (average HIV incidence of 12% with regional variation between 0.1% and 61%); sex workers (4.5-19.6%) and prison inmates (5-6%). A number of recent studies show that incidence of HIV among men who have sex with men has also begun to grow in recent years and already exceeds 8%. There has also been growth in spread of HIV through heterosexual intercourse as sex partners of HIV-positive drug users have been infected, causing gradual penetration of the broad population by the virus. This trend has been manifested primarily as a rise in the percentage of HIV prevalence among pregnant women (from 0.3% in 2004 to 0.49% in 2009), and a corresponding increase in the number of children born to HIV-positive mothers (about 10,000 per year). HIV prevalence among pregnant women in eight territories of the Russian Federation is over 1%, which meets WHO criteria for a general population epidemic. In the most affected regions, such as Samara and Irkutsk, over 2% of the total adult population are HIV-positive, and the percentage of HIV-positives among young people between 17 and 25 years of age in some towns in these regions is as high as 10%. This essentially means that different regions of the country are going through different stages of the HIV 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.

Figure 6.1. Officially registered cases of HIV/AIDS in Russia, 1991-2009



If left untreated, HIV develops into AIDS and results in death, on average between 12 and 14 years after contraction. Treatment with currently available anti-retroviral medications cannot completely cure a person from HIV but can prevent development of the main

[5] United Nations Joint HIV/AIDS Programme (UNAIDS) and the World Health Organization, UNAIDS/WHO Epidemiological Fact Sheets on HIV and AIDS, 2008 Update http://apps.who.int/globalatlas/predefinedReports/EFS2008/full/EFS2008_RU.pdf
[6] A. Bobrik, Aren't we missing something important in Siberia? Round Table 2010, No 1, 21-22

symptoms of the condition, enabling HIV-positive people to lead an essentially normal and socially active life. At the end of 2009, there were over 75,000 HIV-positive people receiving anti-retroviral treatment in Russia, and, according to reports from local Centers for Preventing and Combating AIDS, the percentage of HIV-positive people who need anti-retroviral treatment and are receiving it is 96%. It should be noted, however, that these figures only include registered cases of HIV. So there is a large number of people who need anti-retroviral treatment but who do not know their HIV status or are not registered at their local AIDS center.

Despite the availability of free-of-charge anti-retroviral treatment at most AIDS centers across Russia, treatment provision is hampered by a number of factors. Because HIV is concentrated primarily in so-called vulnerable groups, who are often beyond the reach of the traditional healthcare system, it is often difficult to make patients follow their doctor's recommendations and take the medication as prescribed. Significant difficulties arise from high prevalence of blood borne hepatitis, and from tuberculosis among HIV-positives, which complicates the treatment, increasing its cost while diminishing the patient's tolerance to medication.

At present, the survival rate among HIV patients on anti-retroviral medications in Russia is about 80%. According to official statistics, about 75,000 Russian citizens have died from HIV/AIDS to date[4], i.e. about 15% of the total number of registered HIV-positives. However, when interpreting the mortality rate among HIV-positives, it should be remembered that HIV only began to spread on a significant scale in Russia in the late 1990s, so the demographic impact of HIV/AIDS in Russia has not yet been fully manifested.

When assessing the potential of HIV/AIDS to spread beyond the main risk groups, it should be noted that the general public in Russia has very limited awareness of HIV/AIDS and of ways of avoiding infection. A number of selective studies and sociological surveys have found that only 34% of respondents were able to correctly answer the five standard questions about HIV/AIDS, which are traditionally used the world over to assess public awareness of HIV/AIDS (Box 6.1).

The old myth that HIV is transmitted by mosquitoes is still quite common in Russia and the majority of those surveyed mistakenly believe that a condom cannot protect against contracting HIV. It has also been found that between 15% and 20% of people in Russia aged between 15 and 49 have more than one sex partner [4]. The fact that Russians practise unprotected sex is evidenced by the extremely high rate of sexually transmitted diseases, which, despite the fact that it has declined over the past several years, is still five times higher than in the European Union or former USSR. It also has to be remembered in this context that any STD increases the risk of HIV transmission.

Assessing the measures being taken by the Russian Federation to combat HIV/AIDS, it should be noted that the amount of money being allocated to fight HIV/AIDS has increased almost 60-fold since 2005, which, undoubtedly, is evidence that the country's leadership is now paying far closer attention to the problem of HIV/AIDS. It is also clear that the Russian leadership has demonstrated willingness in recent years to assume international obligations to combat epidemics of infectious diseases. Actions testifying to this fact include allocation of a significant amount of money to the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria as well as to the World Bank. Further, the Russian Federation is taking an active part in the work of specialized groups and bodies of international organizations responsible for healthcare issues, including those that focus on the problem of HIV/AIDS in the CIS, such as:

Box 6.1. Five questions about HIV

Indicator: Percentage of young people aged 15–24 who both correctly identify ways of preventing the sexual transmission of HIV and who reject major misconceptions about HIV transmission

This indicator is constructed from responses to the following set of prompted questions.

1. Can the risk of HIV transmission be reduced by having sex with only one uninfected partner who has no other partners?
2. Can a person reduce the risk of getting HIV by using a condom every time they have sex?
3. Can a healthy-looking person have HIV?
4. Can a person get HIV from mosquito bites?
5. Can a person get HIV by sharing food with someone who is infected?

Source: United Nations General Assembly Special Session on HIV/AIDS. Monitoring the Declaration of Commitment on HIV/AIDS: guidelines on construction of core indicators: 2010 reporting. March 2009, Geneva, Switzerland

http://data.unaids.org/pub/Manual/2009/jc1676_core_indicators_2009_en.pdf

- The CIS Healthcare Cooperation Council;
- The CIS Coordination Council on the problems of HIV/AIDS;
- The Asia Europe Economic Union healthcare work group
- The G8 group of healthcare experts, etc.

Eastern Europe and Central Asia AIDS Conferences, held in Moscow in 2006, 2008 and 2009, were an important instrument for developing cooperation to combat the epidemic. These conferences were supported by leading international organizations, including UNAIDS and the Global Fund to Fight HIV/AIDS.

The more obvious achievements of recent years include increased availability of modern anti-retroviral therapies and successful prevention of vertical transmission of HIV in pregnant women, which makes it possible to ensure that, in the majority of cases, HIV-positive mothers give birth to HIV-negative children. As a result of these measures the incidence of mother-to-child transmission of HIV has significantly decreased and the survival rate among patients receiving anti-retroviral treatment has gone up. Another achievement worth mentioning is the increased coverage with HIV testing both among the general population (34%) and among the risk groups; about 60% of sex workers, 50% of users of injected drugs, etc. There has been a downward trend in the percentage of young people in total numbers of newly discovered HIV cases in Russia in recent years.

Any discussion of HIV/AIDS in Russia should mention the programmes implemented in Russia over the past 5-6 years with financial support of the Global Fund and a number of other international organizations. These large-scale projects have played an extremely important role in drawing attention to the problem of HIV/AIDS, changing attitudes to the problem among key decision-makers, honing methodologies for treatment and prevention of HIV/AIDS, and providing additional information about the problem to healthcare specialists. In essence, these efforts were the catalyst for adoption of a more effective strategy in combating the epidemic and determining what measures must be implemented to combat HIV as part of the 'Health' national project.

Civil society also plays an important role in fighting the HIV epidemic in Russia. Most non-commercial AIDS-service organizations focus on implementing treatment and prevention programmes among high-risk groups, to which traditional healthcare providers often have very limited access. It is often representatives of non-commercial AIDS-service organizations who draw attention to the most serious problems, find the necessary funds and then take steps to solve those problems.

The legal basis for the fight against HIV/AIDS in Russia is the federal law, 'On prevention of the spread of HIV/AIDS in Russia', which was passed in 1995 and contains a wide range of state guarantees for what resources the government must make available for combating the spread of HIV/AIDS and how the rights and interests of HIV-positive people must be protected. Most experts believe that provisions of the law do not contradict international legal requirements and conform to recommendations developed on the intergovernmental level. However, application of this law in practice is often problematic. A number of regions of the Russian Federation directly violate the law by significantly extending lists of persons subject to mandatory HIV tests, and Russian citizens who are HIV-positive often have difficulty obtaining free medical assistance as guaranteed by the law. Patients are often discriminated against by some healthcare providers who believe they are not worthy or not deserving of anti-retroviral treatment due to being drug users or engaging in other socially unacceptable activities. There are cases of HIV positive people being rejected for jobs or fired as soon as the (potential) employer discovers that they are HIV-positive. HIV-positive children are often discriminated against in schools and pre-school day care centers. It must be admitted that much prejudice still exists against HIV/AIDS and HIV-positive people in Russia. This often stems from an irrational fear of the disease, caused by limited or false information about its transmission. As a result, HIV-positive people often find themselves in total social isolation and become marginalized.

Another negative factor that makes it harder to deal with the epidemic is extremely unbalanced structure of the state budget for combating HIV/AIDS, with almost all of the available money being allocated to treatment and organization of mass testing. Despite international experience of successfully countering HIV/AIDS through preventive measures, the small amount of money that was left available for preventive measures in 2010 was all spent on 'promotion of a healthy lifestyle', i.e. politically correct, but highly unfocused interventions that have little to do with HIV/AIDS per se. In effect, practically all of the preventive programmes currently being implemented in Russia are being financed by three grants of the Global Fund, which will run out in the next couple of years.

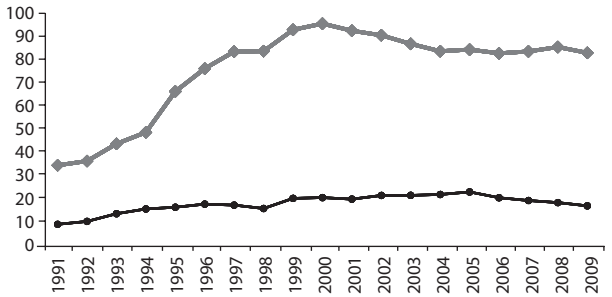
Another significant obstacle to effective implementation of measures to counter the epidemic is inadequate management efficiency and excessive bureaucracy of the existing healthcare system. For example, over the past four years inefficiencies in the procurement system have resulted in regular delays in deliveries of anti-retroviral medications to Russian regions. This prevents patients from taking the medications regularly, thereby reducing efficacy of the treatment and encouraging development of HIV strains that are resistant to currently available medications.

6.3. Tuberculosis

The Russian Federation is among the 22 countries worst affected by tuberculosis, according to the WHO. Russia accounts for 35% of all new cases of tuberculosis in the world and has the highest fatality rate from tuberculosis in the WHO's European region. However, after peaking at the end of the 20th and start of the 21st century, Russia's main tuberculosis statistics have declined somewhat and stabilized. Current incidence of tuberculosis is between 82 and 84 cases per 100,000 people and the death rate from tuberculosis is 16-18 per 100,000 people[7,8] (Figure 6.2).

However, it should be noted that tuberculosis statistics vary greatly between Russian regions: tuberculosis incidence and death rates increase steadily from the west to the east of Russia. The highest rates are seen in some regions of Siberia and the Far East (the Republic of Tyva has an incidence of 183.2 and a death rate of 80.2 people per 100,000 people, while Primorskiy Territory has an incidence of 145.3 and a death rate of 33.5 people per 100,000), while the lowest rates are found in central and northern territories (incidence in Moscow is 26.4 per 100,000 and the death rate is 6.6 per 100,000, while in the Vologda Region incidence is 36.7 and the death rate is 8.1 per 100,000). Disproportionately high incidence of tuberculosis in some social groups should also be noted. Incidence of tuberculosis among prison inmates is about 1,300 per 100,000 people compared with only 70 per 100,000 in the overall population. The unemployed have incidence of 500 per 100,000 while the figure among those with jobs is 50 per 100,000. These differences between various regions and social groups testify that tuberculosis is a socially determined medical condition, and that its spread depends on a number of factors, only some of which have to do with effectiveness of the healthcare system.

Figure 6.2. Incidence of tuberculosis and deaths caused by tuberculosis in Russia per 100,000 people (1991-2009)



Tuberculosis is the most lethal infectious disease in Russia. It has accounted for 5-6% of total deaths among people between 25 and 44 in recent years[7].

The spread of tuberculosis with multiple drug resistance (MDR TB) gives particular cause for concern, since it requires more expensive and more prolonged treatment and results in more deaths than ordinary tuberculosis. At present the share of MDR TB in the total number of new cases of tuberculosis is about 10%, while the percentage of MDR TB in the total number of TB cases is above 20% and in some regions it exceeds 30% (Arkhangelsk, Tomsk and Novgorod regions). According to the WHO's estimates, Russia is among the 10 countries with the highest MDR TB incidence and prevalence per 100,000 people.

In the context of the HIV/AIDS epidemic, it is of key importance to note that tuberculosis is the primary cause of death among people suffering from HIV/AIDS. While the tuberculosis and HIV/AIDS epidemics initially progressed independently from each other, the last few years have seen a sharp rise in the number of people suffering from both HIV/AIDS and TB. According to the Federal Center for Treatment of TB in people who are HIV/AIDS-positive, there were 7,400 new registered cases of HIV/AIDS victims contracting TB in 2008, which is five times more than in 2004. As many as 8% of the prison population who suffer from TB are also HIV-positive. In a regional cross section, registration of HIV/TB co-infection

[7] Tuberculosis in Russia. Edited by M. Perelman and Y. Mikhailova, 2008, 182 pages.
[8] Sechenov Research Institute of Physiological Pulmonology. The epidemiological situation with tuberculosis in Russia and assistance to the general public in combating tuberculosis. Information for an extended meeting of the inter-party work group of the State Duma of the Russian Federation for prevention and treatment of HIV/AIDS and other main infectious diseases, April 15, 2010.

usually correlates with the time, at which the HIV/AIDS epidemic started in a given region.The highest incidence of combined HIV/AIDS and TB infection is registered in regions where HIV/AIDS has been present for longer, and which, consequently, have a higher number of people suffering from advanced stages of HIV/AIDS. So in Sverdlovsk Region there are 1,593 combined cases per 100,000 people, while in Samara Region there are 988 cases per 100,000.

Analyzing actions implemented by Russia, it should be noted that the past 4-5 years have seen significant developments in organization of efforts to curb TB: new directives have been approved, which create a basis for improving the national strategy; new large-scale programmes have been launched using funds provided by the World Bank, the Global Fund and the 'Health' national project. Together, these measures have made it possible to retrain medical personnel and significantly modernize available laboratory facilities for diagnosing TB and monitoring treatment. Special efforts have been made to step up the fight against MDR TB as well as to improve the situation in the country's penitentiary institutions, which have always been the weakest link in the country's defence against TB.

Specifics of the epidemiological process in TB make it likely that main impact from these measures will be felt after 2010, but some results are already visible. There has been a significant improvement in quality and completeness of statistical data in the past few years, the incidence of TB has dropped by more than 30% from the peak of 2003, the number of deaths from TB has declined by 25.3% over the past four years, the number of relapses and chronic forms of TB has been on the decrease, and the incidence of TB in penitentiary institutions has also dropped significantly. Recent years have seen a rise in detected cases of TB with bacterial excretion, which is diagnosed with microscopy. In the context of stabilization of overall TB incidence, this means that laboratory diagnostics of TB are improving.

However, the positive trends achieved so far are insufficient to ensure stable and effective control of TB. Incidence of the disease in 2009 was still 2.4 times higher than that recorded in 1991. Long in-patient treatment of TB is still widely used in Russia, which means that unnecessarily large quantities of limited resources are used to maintain a huge network of TB treatment facilities. One traditional difficulty seen in Russia is poor interaction between medical services in penitentiary institutions and the public healthcare system, which breaks continuity of treatment and makes it less efficacious. The increasing percentage of MDR TB in the overall number of TB cases is evidence that the approach currently used by the healthcare system fails to cure a large number of TB cases. The situation is further exacerbated by convergence of the TB and HIV/AIDS epidemics: the number of HIV/AIDS-positives is expected to increase over the next few years, and the epidemiological situation with TB may worsen as a result.

6.4. Other infectious diseases

Malaria, to which MDG 6 pays much attention, occurs in Russia in the form of both endemic and imported cases. Annual incidence of malaria does not exceed a few hundred cases, and it can be said that malaria does not pose a major challenge for Russian healthcare at present. Nevertheless, it should be borne in mind that the significance of malaria may increase in the future as more migrants from malaria-endemic countries move to Russia and as global warming makes possible regular growing of malaria parasite in local mosquitoes of more northerly regions of the country.

Potential future risks include the constantly increasing pandemic threat from new and recurring infectious diseases such as SARS, bird flu, (A)H1N1 flu, etc. As the past decade has shown, accelerating globalization and large-scale population migrations make the spread of infectious diseases much easier and much faster, presenting serious challenges to the healthcare systems of all nations, including Russia.

6.5. Assessing progress in achievement of MDG 6 targets

The use of the ideology behind the Millennium Development Goals in the fight against HIV/AIDS and other infectious diseases would undoubtedly help to improve public health in Russia, with positive impact on the country's human development index, which depends on life expectancy and health. The goals and progress indicators adapted for Russia in the UN Development Programme in 2005 and presented in Table 6.1 of the Attachment will remain relevant for a long time to come. They are well formulated and do not need to be amended or modified in any way. The only exception is the indicator, 'Condom use as a share of contraceptive prevalence', for which data are difficult to collect, and which could justifiably be dropped from the panel.

Analysis of indicators to date show that main epidemiological parameters for TB have stabilized in the past five years while indicators showing the effectiveness of measures to curb TB have improved. However, the situation still remains grave and significant improvements will have to be made to anti-epidemic measures if we are to reach the 2015 indicator levels specified in the target, 'To have halted the spread of tuberculosis and other socially-determined infectious diseases and considerably reduced incidence of these diseases'. These improvements will have to include modern methods for combating infectious diseases that take full account of the unfolding situation and of successful international experience. For 2020 it is realistic to set ourselves the target of 'Reducing incidence of TB and the number of deaths caused by TB to 80% of the level seen in Russia in the early 1990s', i.e. back to historical lows for TB incidence in Russia.

With regard to HIV/AIDS, although we have succeeded in avoiding a runaway epidemic, we have not yet been able to turn the tide, and the incidence of HIV/AIDS in Russia has been growing for five years in a row. Worse, in the past two years the HIV/AIDS epidemic in Russia has accelerated significantly and the disease is now spreading simultaneously in three directions: among injecting drug users, heterosexual population, and men, who have sex with men. The only successes so far have been in bio-medical interventions, including anti-retroviral treatment programmes, prevention of vertical transmission of HIV from mother to child and control of sexually transmitted diseases. Achievement of the required indicator levels for 2015 in Target 7, 'To have halted by 2015, and begun to reverse, the spread of HIV/AIDS', will probably depend on these approaches. But so-called behavioral interventions, which are at the core of modern HIV prevention, have so far failed to focus properly on key epidemiological groups in Russia. This is apparent from the way, in which Russia's HIV prevention budget is allocated, and how HIV prevention programmes are structured. Russian programmes often ignore the worst affected social groups and the the riskiest behavioral practices, which are responsible for the bulk of new cases. The few prevention programmes that do focus on key risk groups (such as drug users) and use epidemiologically justified interventions (prevention of syringe sharing and unprotected sex) often fail to reach their target audience. The preventive effect of these interventions is limited to their participants and others who get involved indirectly through existing social networks, while effect on the overall epidemiological situation remains insignificant. Overcoming this gap between what preventive interventions need to achieve and what (in their current form) they are capable of achieving is a key prerequisite for improving the HIV/AIDS epidemiological situation in Russia. Accordingly, the targets for 2020 can be provisionally based on what we can expect to achieve if the necessary preventive programmes are duly expanded; i.e. if there is a significant decline in high-risk behavior and the epidemic stabilizes at the current HIV prevalence rate among adults, i.e. about 0.5%.

6.6. Scenarios for development of the epidemiological situation

Scale of the current HIV epidemic and its convergence with the TB epidemic pose a serious threat to welfare in Russia and this problem reaches far beyond the healthcare system. If the current trends remains unchanged, the demographic situation in the country, the development of its human resources and its economy will all be adversely affected. 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. It must also be taken into account that it is mainly young people who fall victim to infectious diseases, reducing participation of the young generation in the labor market and the contribution they could otherwise make to the country's wealth. This possible increase in the death rate could have extremely negative impact on the country's human resources and speed up the depopulation process in Russia. As the number of people requiring long-term treatment increases, the expenditures on medications and medical services will grow accordingly, using up resources which could otherwise be invested in development of the country's economy. In addition, 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.

Attempts to predict future statistics for HIV/AIDS and TB in Russia should bear in mind the significant variations of experts assessments and existing forecasts. But, even if we use the best-case scenario, estimates for the future look very worrying.

According to a forecast by the head of the Federal HIV/AIDS Center, V. Pokrovsky[9], there will be about 3 million people infected with HIV in Russia by 2015. The Federal Center for treating TB in people who are HIV-positive predicts that, as more people reach advanced stages of HIV/AIDS, the number of HIV/AIDS patients suffering from TB will reach 150,000 people by 2015. Even if more innovative measures are taken to counter this trend, these figures could only be reduced by 40-50%, and such an optimistic scenario could only play out if there is large-scale expansion of preventive programmes to reach all the most vulnerable social groups, which healthcare institutions are failing to reach at present. Death rates are more difficult to predict, but they will clearly depend on availability of anti-retroviral and anti-TB treatments in Russia over the next few years.

Some stabilization of the TB epidemiological situation and the first successes by Russia in its struggle against HIV/AIDS clearly demonstrate that adequate measures can improve the situation and achieve a socio-economic effect of prevented deaths and longer years of active and productive lives. However, the common problem of state programmes for curbing the spread of HIV/AIDS, TB and STDs is that current levels of treatment and preventive measures are insufficient and that the vast majority of allocated funds are spent on preserving the existing healthcare infrastructure, which in many cases has ceased to be a match for the new epidemiological situation. Effective measures to curb epidemics, which would be most effective in the current situation, often challenge traditional thinking and require unconventional new financing schemes, which make them hard for existing healthcare facilities to apply.

6.7. Conclusions and recommendations

Our analysis justifies a number of recommendations, as follows:

1. Russia must maintain its political commitment to the fight against HIV/AIDS, TB and other socially-determined infectious diseases, which implies that the gravity of the problem must be recognized, measures aimed at curbing the epidemics must continue to be implemented, and long-term financing must be provided for them by the Government.

2. The Russian healthcare system must learn to provide medical services that are needed by categories of patients who are hard to treat and whose numbers will increase over the next few years. The magnitude of the problem means that required improvement of methods used to treat HIV/AIDS, TB and STDs can only be achieved by using out-patient approaches and standard treatment programmes conforming to modern international standards.

3. The continued spread of HIV/AIDS in Russia is evidence of shortcomings in organization of preventive measures. To effectively curb the epidemic, prevention of HIV/AIDS must focus on key risk groups, in which the majority of new HIV cases are concentrated, and use epidemiologically justified interventions aimed at reducing the risk of infection.

4. 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 illegal psychoactive substances, Russia needs to support harm-reduction programs and expand capacity for treatment and rehabilitation of drug dependent people.

5. Large-scale educational programmes must be continued in order to increase awareness of HIV among the general public and support effective measures to prevent infection. Special emphasis must be placed on educating young adults.

6. Cooperation with NGOs needs to be expanded, including involvement of NGOs in development and implementation of programmes to curb spread of infectious diseases and creating mechanisms for state support (particularly financial support) to NGOs.

7. Russia is increasingly involved in globalization, so special attention must be paid to the threat of both new and old infections being brought into the country from abroad.

In order to achieve the targets of MDG 6 and successfully curb the spread of HIV/AIDS, TB and other infectious diseases, Russian decision-makers must be pragmatic and willing to carry out an unbiased analysis of all the available options. This is no easy task, but its successful accomplishment will have long-term positive results for our country.

[9] V. Pokrovsky, HIV in Russia, Forecast. Issues of Virology, 2004, No.3, pp.31-34.

ATTACHMENT

Table 6.1. MDG 6

MDG targets	MDG targets for Russia	Progress indicators	Progress indicators for Russia	Current value of the indicator, 2009 year-end	Target for 2015	Target for 2020
Target 7. Halt and begin to reverse the spread of HIV/ AIDS	Target 7. Halt and begin to reverse the spread of HIV/ AIDS	1.The number of persons infected among pregnant women aged 15-24 years	The percentage of pregnant women that are infected with HIV/AIDS	~0,49	no more than 0,4	0,5
		2. Frequency of use of condoms				
		2a. Use of condom in the last sexual act with a non-regular partner	2a. Use of condom in the last sexual act with a non-regular partner	~50%	80%	85%
		2b.Percentage of persons aged 15-24 with correct knowledge on HIV/AIDS	2b. Percentage of persons aged 15-24 with correct knowledge on HIV/AIDS	34	80	85
		2c.The frequency of using a condom as a proportion of general use of contraception	2c. The frequency of using a condom as a proportion of general use of contraception	No data	-	It would make sense to stop using this indicator
		3.The percentage of orphans among school children aged 10-14	…Number of new HIV infections registered within one year	~58 450	25 000	25 000
			…The percentage of people with advance stages of HIV/AIDS who receive adequate ARV therapy	93%	85%	95%

MDG targets	MDG targets for Russia	Progress indicators	Progress indicators for Russia	Current value of the indicator, 2009 year-end	Target for 2015	Target for 2020
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	4. Indicators of the spread of malaria and related mortality	-			
		5. The proportions of population living in areas of high risk of malaria, who use effective preventative and treatment measures	-			
		6. The indicators of spread of tuberculosis and related mortality	6a. Tuberculosis incidence per 100,000 population	82,6	35	30
			6b. Tuberculosis mortality per 100,000 population	16,8	10	8
		7. Proportion of tuberculosis cases that are diagnosed and undergo medical treatment in accordance with the short course of directly observed treatment (DOTS)	7. Proportion of TB cases that undergo medical treatment under direct observation	~80%	80%	90%
			… Syphilis incidence per 100,000 population	~55	10	8

CHAPTER 7.
PROMOTING ENVIRONMENTAL SUSTAINABILITY

7.1. Environmental sustainability and the new economy

The past few years have demonstrated the growing dependence of human well-being and human potential on environmentally sustainable development, which in turn depends on fulfillment of the seventh MDG: 'Ensure Environmental Sustainability'. This Goal, its targets and indicators, requires solution of two main issues in the context of human development:

- To reduce human impact on the environment and depletion of natural resources;
- To improve environmental conditions for human development, reduce environmental hazards that threaten human safety, life and habitat.

It is important to understand the importance of resolving the second issue, concerning public health and the environmental conditions, in which people live. This issue often is omitted from discussions of sustainable development, which tend to concentrate on issues of protecting the environment and preserving natural resources.

Social, economic and ecological issues related to the environment have always received keen attention from the United Nations. The three largest global forums in the past two decades were dedicated to environmental issues closely connected with sustainable development: Rio de Janeiro (1992), Johannesburg (2002) and Copenhagen (2009). Such attention is due, in large extent, to the dramatic aggravation of global environmental issues: climate change, growing deficit of fresh water, diminishing biological diversity, disappearance of forests, desertification and many more. Aggravation of environmental issues has led to theoretical and practical acknowledgement of the need for a new type of global economic development via a new, 'green' economic policy. This policy was outlined in the UN Environment Programme (UNEP, 2008) and Green Growth programmes of OECD countries.

The global economic crisis has given further stimulus to creation of 'green' economies. Many countries are actively developing anti-crisis programmes with important environmental components. The Obama plan for the US has earmarked tens of billions of US dollars for making the economy more eco-friendly. The plan includes development of green technologies, energy saving, new jobs in environmentally attractive businesses, etc. Scandinavian countries are seriously restructuring their economies in favor of industries producing environmentally sound technologies, products and services. During the crisis such restructuring will be carried out by channeling more government support to environmentally progressive businesses than to old-fashioned industries.

Combating global warming and promoting power efficiency will have tremendous impact on the future of the world economy. The plan of EU countries to cut GHG emissions by 20%, increase power efficiency by 20% and increase the share of renewable energy resources to 20% by 2020 (the 20:20:20 Plan) will dramatically change Europe's economy. The 50% cut of emissions by 2050 and an 80% cut by 2080, declared by the US, will also have huge impact on the progress of innovation and on structural changes. The 'low carbon economy', with its high energy efficiency and minimum environmental impact, will become the key concept for the world's most advanced economies in the near future, and achievement of power and climate targets will dramatically reduce environmental pressure due to close correlation between energy consumption, utilization of natural resources, GHG emissions and pollution indicators. This means that in the coming decades developed countries will have economies with a new innovative and technological basis, where minimum environmental impact will be a major feature. Will any developed country need large quantities of crude oil and gas in 20 or 30 years from now? It is also possible that countries which are now major importers of energy resources could significantly improve their energy security. Last year the United States outran Russia to become world's largest producer of gas by launching development of shale gas deposits. Large deposits of shale gas have been discovered in Europe. Correct response to these challenges of the global energy market is very important for Russia in view of the colossal investments required to develop new, complex and low IRR deposits on ocean shelves and in permafrost regions.

Russia has also spoken of the need for a green economy. President Dmitry Medvedev emphasized the need for 'green growth' at a Russian Government meeting, noting that 'it is now a top priority issue for technology policies of virtually all countries, and needs to be supported by appropriate decisions, which decisions must be taken by government and specifically by our Government'[1]. (February 18, 2010).

[1] http://www.kremlin.ru/transcripts/6914

The new economy requires adequate development indicators. The global crisis, and increasing social and environmental problems worldwide, have once again demonstrated the need for changes to traditional development indicators[2]. Poor sensitivity of macroeconomic indicators, such as GDP, to environmental and social problems, was a major cause of the world's economic instability. Prior to the crisis, progress and growth, both in Russia and worldwide, were usually identified with GDP growth, maximizing profits, financial flows and other financial indicators, while the quality of growth and its side effects (both social and environmental) were mostly ignored.

Recent works on this issue include the report on 'Measurement of Economic Performance and Social Progress' by two Nobel prize winners in economics, Joseph Stiglitz and the founder of the human development concept, Amartya Sen (2009)[3]. Among other things the report points out that GDP is not an ideal indicator of well-being, because it does not cover various social processes, environmental changes, and some other phenomena which are usually called 'sustainability' of development. The issues of sustainable development and environmental issues are discussed in a separate part of the Stiglitz-Sen report.

In order to achieve long-term socio-economic development targets in a context of crisis Russia needs to make development of human potential, departure from export-oriented, resource-bound development, and formation of a new, innovative economy into its primary goals. It is a mistake to chase quantitative goals, whether they are value indicators (GDP, etc.) or volume measurements (oil, gas, metals, etc.). The new economy should emphasize qualitative, rather than quantitative development.

7.2. Russia's role in ensuring global economic sustainability

Transition to sustainable development is closely connected with ecosystem/environmental services. There is much interest worldwide at present in their definition, functions, assessment, payment mechanisms, creation of markets for such services, and discovering potential vendors and customers[4]. The well-being of humanity depends on ecosystem services. Their regulatory functions are critically important: ambient air and water purification, regulation of climate and water status, waste assimilation, soil formation and preservation, etc.

Ecosystem services are tightly bound up with the economy and support for them can generate significant profits. Documents published by international organizations often give the following simple definition: 'ecosystem services are the benefits that people enjoy because of ecosystems'[5]. In international relations and the economy, ecosystem services are increasingly associated with a new terminology: 'payments for ecosystem services', 'environmental donors', 'compensation mechanism', 'debts in exchange for the environment', etc. In addition to serious theoretical research, there are already concrete examples at national and international level of economic valuation and compensation for ecosystem services. The Kyoto Protocol was, to some extent, the first attempt by the global community to integrate ecosystem services, payments for them and compensations to specific countries into national and international economic mechanisms for combating climate change. Attempts to implement payments for ecosystem services at national level are increasingly widespread.

The issue of compensation for global ecosystem services is increasingly important both globally and for Russia. The country plays a leading role in preserving global environmental benefits and provides vital ecosystem services to the whole planet. Russia's Long-term Social and Economic Development Policy (LDP, 2008), which sets out the country's development goals up to 2020, states that successful implementation of an environmental programme is Russia's critical input to preservation of global biosphere potential and maintenance of global environmental balance. The LDP stresses that capitalization of Russia's environmental advantages is an important goal for the country. Identification and economic assessment of ecosystem services should move forward from theoretical and

[2] Sustainable development indicators are more thoroughly studied in the Human Development Report for the Russian Federation, 2009, entitled 'Energy Sector and Sustainable Development'

[3] Report by the Commission on the Measurement of Economic Performance and Social Progress. J.E.Stiglitz, A.Sen and J-P.Fitoussi (www.stiglitz-sen-fitoussi.fr)

[4] Millennium Ecosystem Assessment (MEA) (2003, 2005), prepared by over 1,000 scientists from around the world and sponsored by UNEP; The Economics of Ecosystems and Biodiversity (TEEB) (2008), an EU project; works by the Environmental Department of the World Bank and of IUCN in the 2000s.

[5] Millennium Ecosystem Assessment, 2005. Ecosystems and Human Well-being. Island Press, Washington DC, 2005.

scientific studies into the sphere of action and become profitable for Russia, since the country is evidently a global environmental donor and is entitled to economic compensation for maintaining its ecosystems. This position has already been declared by Russia's leading politicians at various UN forums.

Services provided by the country's natural ecosystems for reduction of global climate change risks (mostly carbon absorption by primary forest) are alone valued at USD 11 billion each year, which are essentially indirect subsidies that Russia provides to the world economy[6]. The figure for indirect subsidies will grow further in view of the country's ecosystem input to preservation of the planet's biological diversity and natural protection of territories from natural disasters.

In essence, the idea of economic compensation for ecosystem services is a further development of the well-known global compensation system for GHG emissions, which was initiated by the Kyoto Protocol on climate change.

The Russian Government understands and is prepared for creation of an environmental and economic compensation mechanism. The terminology used by the Russian delegation at the UN Conference in Johannesburg ('global ecological services', 'compensation for ecological services', 'ecological donor') made its position one of the most constructive from the environmental and economic point of view. Unfortunately, after Johannesburg the Russian authorities did not use the environmental argument for receipt of economic benefits intensely enough. Russia's scientific community is also quite weak in championing significance of the country's ecosystems. International conferences produce a huge number of reports on the role of ecosystems in Brazil, India, Canada, etc., while Russia's natural potential is hardly ever discussed.

Now is the time to return to the issue of Russia's role in maintaining global sustainability, of the country's ecosystem services and of the economic benefits of these services for the whole world. G8 and G20 meetings, UN-sponsored and other large international conferences offer good opportunities to voice this position. Clearly, it will not be possible to fully compensate Russia's environmental expenses. Russia and the international community have to join their efforts in financing support for national ecosystem services. Among other things, such a scheme could resemble the Dedicated Environmental Investments (DEI) which were initially proposed by the Russian delegation at the 6th Climate Change Conference in the Hague (2000)[7]. In a wider context DEI could become an innovative financial mechanism based on reinvestment of incomes received by the country as compensation for environmental services, from selling extra quantities of GHG emissions, etc., into projects that support ecosystem services, increase efficiency of energy production and energy-saving sectors, and develop reusable energy sources.

7.3. Goals and indicators of environmental sustainability for Russia

7.3.1. Trends in changeover to environmental sustainability in the context of MDG7

The use of MDG ideology with regard to environmental sustainability, if carried out by all Russian Government institutions, could increase efficiency of natural resource use, resolve the country's environmental problems and reduce environmental impacts on the country's people. Factually, this target, which has been reflected in many fundamental UN documents, has been adopted and is supported by Russia, but actions to implement it have been inadequate.

Table 7.1 of the Attachment displays the goals and targets of MDG7, proposed by the UN (columns 1 and 3) and adapted for Russia (columns 2 and 4)[8]. Environmental sustainability for Russia requires achievement of three targets (targets 1, 2 and 3 from the MDG):

- Include sustainable development principles in national strategies and programmes and prevent losses of natural resources;
- Provide people with clean drinking water;
- Improve people's housing conditions.

The last two targets are tied to human development and healthcare. Eight progress indicators have been suggested (see Table 7.1 in the Attachment), two of which are purely environmental (indicators 1 and 2), two are environmental-economic (3 and 4) and four are socio-environmental (5-8).

We will start by reviewing main trends in provision of environmental sustainability in the framework of tasks

[6] B.N. Porfiryev, Climate Change Economics, M., Ankil, 2008.
[7] The DEI issue has been covered in more detail in the UNDP Human Development Report for Russia (2009).
[8] A comprehensive explanation of the adaptation of MDG7 for Russia (MDG+), its goals and targets are contained in Chapter 8 of the 2005 UNDP Human Development Report for Russia.

1, 2 and 3 (Table 7.1). Russia's deep social and economic crisis of the 1990s led to a significant reduction of industrial activity in the country, resulting in less pressure (positive impact) on the environment, and this is one objective reason for Russia's limited attention to environmental issues. Major shrinkage of production in industry, forestry and agriculture caused reduction of ambient air emissions and discharge of pollutants into water bodies. Natural resource depletion and degradation rates also declined significantly. These trends are well illustrated by Table 7.1: in 1990-2008 discharges of polluted water decreased by about 40%, as did atmospheric emissions by stationary sources, and extraction of water from water bodies fell by more than a third, while soil disturbance due to non-agricultural activities was down by 2.6 times. The impact of the fuel and energy sector, which is the main source of pollution, was reduced due to lower output of oil and coal.

The economic recovery, which began in 1999, reversed the positive trend. The environment's 'rest break' came to an end: pollution from stationary sources and automobile exhausts increased by 57% compared with 1995, and production of energy resources, primarily crude oil, grew by 1.6 times compared with 1995. The problem of dealing with waste has become acute, as waste volumes have risen by 30% only since 2005 (see Table 7.1).

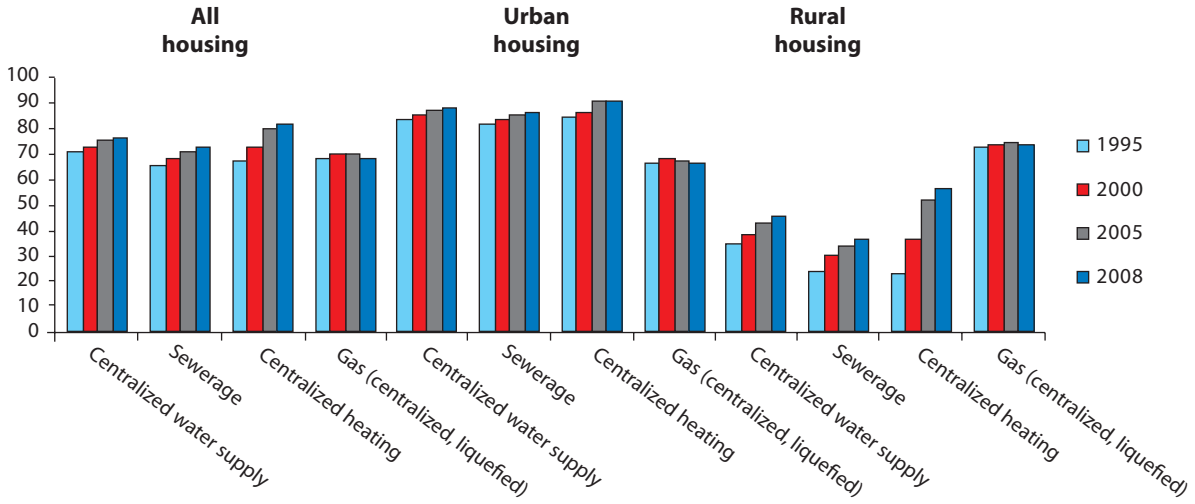
The global economic crisis of 2008 has again changed the scale of economic impact on the environment due to decreasing demand for natural resources and falling

Table 7.1. Main indicators of environmental impact and natural resource depletion in Russia (1998-2008)

	1990	1995	2000	2005	2008
Discharge of polluted water, billion m^3	27,8	24,5	20,3	17,7	17,1
Ambient air emissions, million tonnes, of which:	55,1	32,3	32,3	35,8	37,4
- fixed sources	34,1	21,3	18,8	20,4	20,1
- automobiles	21,0	11,0	13,5	15,4	17,3
Water withdrawal from natural water sources, billion m^3	106,1	86,6	75,9	69,3	69,5
Land disturbance due to non-agricultural activities, thousand hectares	119,3	83,4	54,6	35,1	46,2*
Waste produced, million tonnes**	...	83,3	127,5	3035,5	3876,9
Timber export, million m^3	...	116	94,8	113	108
Oil output (million tonnes)	516	307	324	470	488
Natural gas output (billion m^3)	641	595	584	641	664
Coal output (million tonnes)	395	263	258	299	326

** 2007 data;*
*** Before 2002 defined as 'toxic waste', from 2002 defined as 'production and consumption waste' (natural hazard classes I through IV).*

Figure 7.1. Improvement of housing utilities (share of total floor area with amenities, %)



production of resource-intensive products. However, the latest data from Rosstat shows the beginning of gradual economic recovery, which will again drive up figures for pollution volumes and natural resource production and utilization.

In addition to positive effect from lower environmental pressure, the past two decades have also seen improvement of environmental conditions for human habitat thanks to better housing conditions, which are also one of the MDG7 targets (Figure 7.1). Centralized water supply, sewerage, heating and gas distribution services are available in 69-82% of housing stock in various parts of Russia, and 64-66% have bathroom facilities and hot water (the shares are of total floor area in dwellings). Urban dwellings are much better equipped with all these utilities than rural dwellings. But, despite the difficult position in the countryside, rural communities have significantly improved their housing conditions in the past two decades. Advances since 1995 have been particularly impressive in provision of centralized water supply to rural areas (the share of total residential floor area, which is connected, has risen by 11%), sewerage (13%), central heating (34%) and hot water (12%).

7.3.2. Defining MDG7 indicators

We will now consider in more detail the targets and indicators related to progress in achieving sustainable environmental development in Russia (see Table 7.1 in the Attachment).

Target 1 of MDG7, specifying introduction of sustainable development principles to national resource saving strategies and programmes and avoidance of natural resource loss, is adequate to national strategic interests in both short- and long-term perspectives. Russia's future, the human development of future generations, preservation of the world's largest natural capital, and support of the country's ecosystem functions (of global significance), depend on successful achievement of this target, which is intimately related to the country's economic growth as well as to the quality of this growth. Russia's acute problem is low efficiency of natural resource utilization and depletion of non-renewable power resources. The Presidential Decree 'On specific measures to increase energy and environmental efficiency of Russia's economy' (2008) is absolutely correct in establishing a close connection between energy and the environment. Energy intensity of GDP is, therefore, a highly important indicator. This indicator is a priority issue not only for ensuring environmental sustainability and transition to a 'green' economy, but also for upgrading of the entire national economy. A number of issues can be outlined in this respect:

- The leading role of the energy sector in Russia's economy, formation of its GDP, tax base, budget, and export incomes;
- The energy sector makes the biggest contribution to environmental pollution, depletion of natural resources and degradation of vast virgin territories across the country. It is responsible for about 50% of all emissions, 12% of discharge of polluted waters, 90% of waste from production and consumption, and four fifths of GHGs;
- Impact of the energy sector on public health;
- The energy intensity indicator is a representative indicator of sustainable development, reflecting economic, environmental and social aspects;
- The energy sector will retain its key role in the economy in the long run, since there are plans to increase extraction of mineral resources and therefore anthropogenic impact on the environment;
- The need for a significant increase in energy efficiency, reduction of energy intensity of the national economy and implementation of energy-saving programmes.

At present the Russian economy is extremely energy intensive and reduction of this intensity is a priority. Table 7.2 compares this indicator against other countries and shows its progress. Russia's energy intensity is 2-3 times higher on average than that of developed countries. Admittedly, Russia is a northern country, but results for Scandinavia show that there is huge energy-saving potential. Russia's energy intensity indicator has shown positive progress, diminishing significantly in the past decade, which has reversed the negative trend of the 1990s (Figure 7.2). Lowering of energy intensity by 35%, due in large extent to rapid growth of GDP, is among the best results in the world. But it should be noted that Russia has already 'creamed off' the energy-saving effects of structural change, and the gap between Russia and most developed economies remains large in absolute terms.

Other indicators related to target 1 of MDG7 are also closely related to development of the energy sector.

Levels of emission of the main greenhouse gas, carbon dioxide (CO_2), are of key importance for the global warming issue, and these emissions are to a large extent dependent on the energy industry. Extraction and burning of fossil fuels are the main reasons for recorded increase in GHG emissions and the global

warming caused by them. Over 80% of such emissions in Russia are related to the energy industry[9].

The major UN conference on combating global climate change, held in December 2009, did not produce any major practical results, but it demonstrated the commitment of humanity to addressing this vital global environmental issue. In 2009 Russia adopted its Climate Doctrine, which emphasizes the importance of combating global climate change. According to the Russian national report on registering of anthropogenic emissions, the anthropogenic emission of GHG gases in CO_2 equivalent was 2,193 million tonnes (not including emissions and absorption of GHG gases related to land usage and forestry)[10]. Russia's share in global emissions is 6%, which is much lower than that of the biggest emitters, the USA (22%) and China (16%) (Figure 7.3). Japan and India each account for 5% of all global emissions.

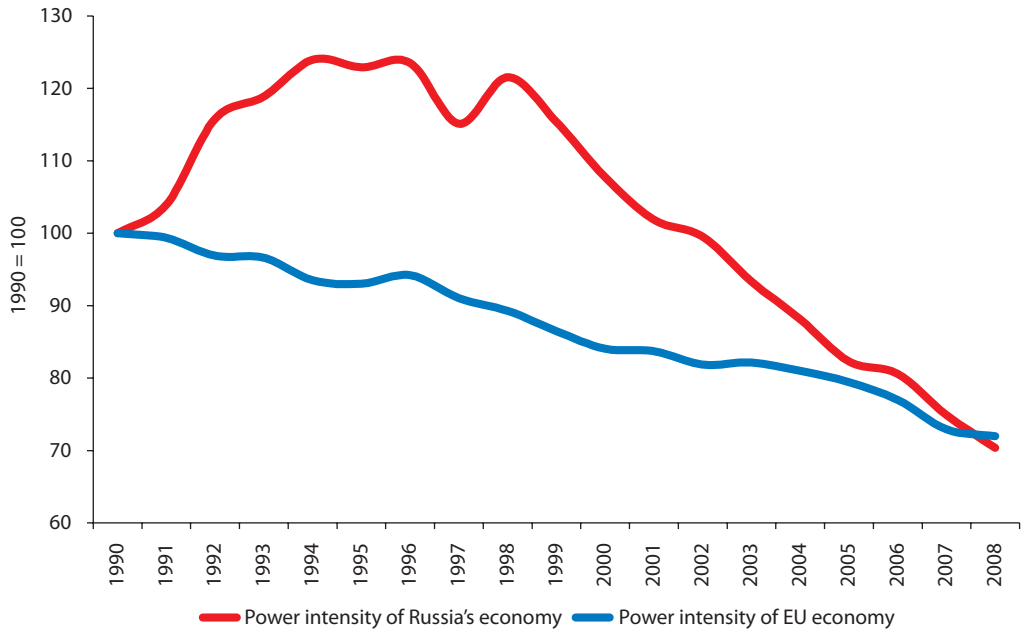
In accordance with its Kyoto obligations Russia should keep its GHG emissions rate in the first budget period of the Protocol (2008-2012) below the 1990 level. These obligations are relatively easy for Russia to meet, due to the significant decline in emissions caused by the 1990s crisis. The country's emissions are now at 70% of the 1990 level. Commitments of other countries are much stricter: most developed countries must find ways of reducing their GHG emissions by 6-8%, while

Table 7.2. Energy intensity of GDP in certain countries, million tonnes of oil equivalent / thousand USD, 2005, at purchasing power parity

Country	1990	2000	2008	2008/ 1990 (%)	2008/ 2000 (%)
Great Britain	0,156	0,130	0,102	65	79
Germany	0,171	0,131	0,113	66	86
France	0,154	0,147	0,132	86	90
USA	0,246	0,209	0,175	71	84
Canada	0,331	0,301	0,275	83	91
Japan	0,134	0,141	0,126	94	89
Norway	0,287	0,234	0,194	68	83
Russia	**0,460**	**0,496**	**0,324**	**70**	**65**
China	0,549	0,288	0,274	50	95
India	0,176	0,169	0,138	78	82
Brazil	0,115	0,133	0,125	109	94
Ukraine	0,643	0,741	0,423	66	57

Source: World Development Indicators Online Database, BP Statistical Review of World Energy, June 2009

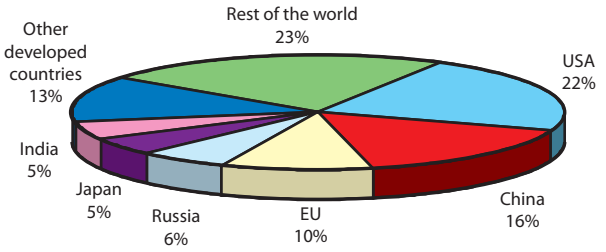
Figure 7.2. Energy intensity progress in Russia and the EU-27 (1990 = 100%)



Source: World Development Indicators Online Database, BP Statistical Review of World Energy, June 2009

[9] The State Environmental Protection Report for 2007, M., Ministry of Natural Resources and Environment, 2008, p.15
[10] Main Environmental Indicators. Statistical bulletin, M. Rosstat, 2009

Figure 7.3. Breakdown of CO_2 emissions by countries and regions



Source: The Little Green Data Book 2007. World Bank, 2007
Note: EU region includes only euro zone countries

maintaining economic growth. Severity and economic pressure of these obligations made China and the USA refuse to ratify the Kyoto Protocol.

The Russian indicator showing the number of people living in highly polluted cities is also related to the energy sector.

Energy facilities contribute greatly to ambient air pollution (they account for about half of all emissions from stationary sources). The purpose of this MDG indicator is fairly evident: to monitor the number of people living in areas with excessively polluted air, and to reduce the number of such people. This issue is relevant for Russia, which has 136 cities with high levels of air pollution and a combined population of 56.3 million (55% of the country's urban population), including 30 cities with very high levels of pollution[11]. There has been some positive progress in recent periods: the numbers of cities with high and very high levels of pollution have declined by 10 and 13, respectively, since 2004.

Target 1 of MDG7 related to sustainable development principles also includes two indicators, which are particularly related to Russian forestry:

- Proportion of land area covered by forest;
- Proportion of territory that is protected for maintenance of biodiversity.

These indicators could also be used without modification for Russian programmes and strategies. Russia is among the best countries in the world by indicators for area under forest and preservation of biological diversity. The country has the largest share of the world's forests (22% of the total) and the share of national territory under forest is also among the largest in the world, at 46.6%[12]. The 1990s crisis has dramatically reduced logging , which helped to preserve forest areas throughout the country. In the last decade the 'forest coverage' indicator has grown by 1.3%. However, this indicator has enormous regional differentiation, varying from 0.2-1.0% in the Republic of Kalmykia to 70-80% in the Komi Republic, Irkutsk Region, Primorye Territory, etc. Many regions in the European part of the country also have small forest coverage, which justifies efforts to maintain and increase forest areas in these regions.

Total area of protected territories in Russia is among the largest in the world. According to available counts, there are 273 specially protected federal territories and over 14,000 regional protected territories with overall area of 230 million hectares, representing 13% of total area of the country. Official statistics measuring bio-diversity protection by use of protected areas often only include areas in federal protection. According to these statistics, Russia has 101 conservation areas, 9 wildlife sanctuaries and 39 national parks with total area of 7.3 million hectares, representing 2.5% of the country's territory.

Goal 2 of MDG7 deals with provision of clean drinking water to the population and the respective indicator measures the share of the population with permanent access to high-quality water sources in urban and rural areas. Importance of this indicator is evident: about 2 billion people worldwide currently lack access to clean drinking water, which causes numerous diseases and deaths. Forecasts for the future suggest worsening of this situation. In Russia this indicator can be interpreted as 'the share of households having access to centralized water supply' (urban and rural areas). This indicator is 90% in urban areas, while the share of rural households with centralized water supply is 46% (Figure 7.1).

Despite significant progress in supplying the population with potable water, quality of water in many parts of the country remains unsatisfactory, due primarily to discharge of wastewater into surface water bodies. Over 40% of Russia's population have problems with quality of drinking water[13].

Target 3 of MDG7 deals with improvement of people's living conditions. Two indicators could be of value to Russia in this respect: 'the share of households equipped with a centralized sewerage system (rural and urban areas)' and 'the share of dilapidated and dangerous housing'. Figure 7.1 shows positive progress

[11] The State Environmental Protection Report for 2008, M., Ministry of Natural Resources and Environment, 2009
[12] Main Environmental Indicators. Statistical bulletin, M. Rosstat, 2009
[13] The Concept for Long-term Socio-economic Development of the Russian Federation up to 2020 (LDP), (2008), approved by RF Government Decree No. 1661-r, dated November 17, 2008

of the first indicator. Currently around 73% of Russian households have access to centralized sewerage systems. Volume of dilapidated and dangerous housing is around 100 million m^2 (by floor area) and the trend is negative: the figure has grown by three times since 1990 and the share of such housing in overall housing has risen from 1.3% to 3.2%.

7.4. Scenarios and target indicators for transition to sustainable development

7.4.1. Environmental sustainability of economic development scenarios

It is increasingly evident that the choice for Russia is between two scenarios for economic development and, therefore, for transition to sustainable development. The first scenario is inertial, repeating and reinforcing the trends and tendencies of the last two decades. The second scenario is innovative, and can be viewed as a real alternative to existing unsustainable development and as a transition to environmentally sustainable development. Continuation of current trends in the framework of the inertial scenario will entail further degradation of the environment. Only the innovative scenario, involving modernization and deep changes in the country's economic growth model, can lead to sustainable development.

We will consider the main features of these two development scenarios. The global economic crisis has demonstrated the dangers associated with the inertial scenario, by emphasizing the strong addiction of Russia's economy to utilization and sale of natural resources. Despite modernization attempts, the last few years have seen Russia becoming an increasingly resource export-oriented and environmentally unfriendly economy. The share of industries with heavy environmental impact (energy and metallurgy) has been growing, some pollution indicators (air, waste) have risen and concentration of various water pollutants has also increased. In 2008 Russia's exports reached an enormous figure of USD 468 billion, which was five times more than in 2000. Most Russian exports are natural resources, especially non-renewables (oil and gas). Large-scale export of ores, concentrates, metals, timber and derivatives, fertilizers, chemical products and other environmentally-intensive commodities increases the share of natural resources to 90% of all national exports.

The inertial scenario has at least two limitations: 1) resources & the environment; 2) rate of return. The country's resource capital is being depleted. In the energy sector alone over 75% of inland deposits of hydrocarbons are already being exploited and their depletion rate is approaching 50%. Potential to expand inland exploration is limited. Depletion is the inevitable result of many years of increasing production through intensive exploration of the largest deposits. This could lead to decline in output of hydrocarbons.

The current inertial development scenario means that the national economy is strongly addicted to international resource prices, which determine the feasibility of production. The number of commercially feasible deposits in Russia was declining even at high pre-crisis prices. A future crisis, accompanied by larger fall of prices for natural resources, could hit the country much harder and cause much more serious social and economic consequences. The radical, green restructuring of developed economies (low-carbon, less resource-consuming), which was discussed above, also represents a threat to resource-oriented development, since it entails lower demand for natural resource commodities. Declining efficiency of investments in the energy sector has become a trend in Russia[14]. These factors increase the risks of greenfield oil and gas developments in frontier territories. Plummeting world prices could make a significant part of oil and gas extraction in remote northern territories and sea shelves with poor infrastructure uneconomic, freezing huge investments, which have become ineffective, and leaving huge territories and water surfaces in a state of environmental degradation.

Implementation of an innovative scenario, which could make transition to sustainable development a reality, requires radical change of the existing mode and paradigm of development in order to break existing, unsustainable tendencies in the national economy. In order to meet the global challenge of our time, Russia will have to switch from resource-based development to development, which utilizes the most powerful of renewable resources – human knowledge. This new type of economy currently has many names: the innovative economy, knowledge-based economy, knowledge-intensive economy, information economy, post-industrial economy, sustainable economy, etc. Whatever name is used, the transition has to be based on priority development of human potential,

[14] This issue has been researched in detail in the Human Development Report for the Russian Federation, 2009

knowledge and information, and deep structural and technological changes, which are environmentally balanced

Even before the crisis Russian leaders understood the need for radical changes in the economy. All the most recent concepts, documents, strategies and programmes, including the Concept for Long-term Socio-economic Development of the Russian Federation up to 2020, are oriented towards the new type of development. But there has been no success in overcoming the unsustainable trends to date.

President Medvedev has recently paid much attention to environmental issues, saying, among other things, that any proper economy needs to be environmentally sound (Box 7.1). Despite difficulties associated with the crisis, previous decisions, loans and investments, Russia now has a unique opportunity to prevent its economy from becoming completely resource-addicted, and to lay the foundations for an innovative economy. This could be done using environmentally-oriented state support and loans in the crisis context, as is happening in most countries of the world despite 'anti-liberal' connotations of such state intervention.

If the Russian Government is concerned about the future, its policy in the crisis context must prioritize departure from the raw material export model and creation of an innovative, knowledge-based economy through restructuring of the national economy as a long-term social and economic goal. In order to achieve this goal, immediate support for restructuring and diversification of the national economy is required and progress should be measured not only by traditional quantitative indicators (GDP, output of oil, gas, metals, etc.). The new economy should be geared to sustainability and should emphasize qualitative rather than quantitative development.

Box 7.1. Extract from President Medvedev's address

President Dmitry Medvedev has said: 'Such terms as 'energy efficiency', 'energy saving', 'green investments', 'green technologies', 'green economy', 'green energy sector' have only become widespread in the last few years. These issues are fashionable nowadays. I believe that we need to look at the economic and not only the environmental aspects… The notion that the economy and ecology do not contradict each other is absolutely correct. Any proper economy should be environmentally-sound.'

http://blog.kremlin.ru/post/82/transcript

The most concentrated description of environmental priorities was given in the Concept for Long-term Socio-economic Development of the Russian Federation up to 2020 (the LDP), which calls for significant improvement of the quality of the environment and the ecological conditions of human life, creation of a well-balanced, environmentally-friendly economic model and of environmentally competitive industries. The LDP envisages reduction of environmental impact by 2-2.5 times before 2020 to achieve current levels in developed countries, thanks to increasing technological and environmental efficiency of the economy. Environmental costs (for reducing emissions, processing waste and environmental rehabilitation) could grow to 1-1.5% of GDP by 2020. Environmental impacts are to be reduced by 3-7 times in certain sectors.

Transition to sustainable development clearly requires compensation for depletion of natural capital by increasing investments in human and physical ('artificial') capital. What this means is that Russia needs to greatly increase its investments in science, healthcare, education, and innovative development, and to strengthen its Fund for National Well-being, which should become an analog of the future generation funds, which exist in many countries and have already demonstrated their economic and environmental value.

The economic mechanism of an innovative economy should stimulate creation, promotion and utilization of knowledge to maintain growth and suppress activities, which deplete natural capital and pollute the environment. This can be achieved through a system of taxes, loans and benefits, as has been demonstrated in developed countries.

Russia has enormous potential for changeover to environmentally and economically sustainable development of an ecologically balanced structural and technological upgrade of its economy, which could save resources and reduce pollution in an efficient manner. Structural rationalization of the national economy could free up to 50% of the total amount of natural resources, which are now used inefficiently, while maintaining high production results and significantly reducing pollution. Extraction volumes and exploration areas for energy-generating resources, logging regions, etc., could be significantly reduced or stabilized and people's well-being could be significantly improved through more efficient use and deeper processing of natural resources and raw materials. Russia's Energy Strategy up to 2030 states that promotion of fairly simple energy-saving techniques could save half of all the energy, which is

now used. In other words, we could double GDP while keeping extraction of natural resources at the present level.

Modernization and creation of an environmentally balanced economy requires universal and large-scale promotion of economically and environmentally effective best-available technologies (BATs). This is a widespread approach in the world. Support of the BAT concept is included in Russia's Environmental Protection Law (2002). However, Russia lacks the mechanisms required to support best technologies. There is a need for economic incentives, investments (including through venture funds), tax benefits, etc., in order to implement environmentally friendly technologies (in the field of energy-saving, alternative energy sources, recoverable resources, waste, etc.).

Quick dissemination of progressive resource-saving technologies is highly important today, because the country will in the near future replace a huge amount of deteriorated and obsolete assets and technologies (equipment, buildings, facilities etc.). Half of Russia's fixed assets are fully depreciated and in need of replacement. The level of depreciation in mineral resource extraction in 2008 was 50.9%, the level in production and distribution of electrical energy, gas and water was 51.2%, and depreciation in the processing industries was 45.6%. All these sectors put significant pressure on the environment. Increasing age of industrial equipment is a long-term trend. In 1970 the average age of industrial equipment was 8.4 years, by 1990 it had increased to 10.8 years, and at the end of 2008 the average age of equipment in the mineral extraction industry, processing industry, and production and distribution of electrical energy, gas and water was nearly 15 years.

In view of coming modernization and economic restructuring, and considering the current social and economic situation, it is naive to demand an artificial slowdown of the nature-intensive sectors (primarily the energy sector). But it is vital that efficiency of these sectors should be increased. In the context of the innovative scenario, reduction of the share of natural resources in national exports does not mean an automatic reduction of economic benefits from the utilization of natural resources and of the country's natural advantages. The ways of restructuring the national economy, which we have reviewed above, including increase of the share of the processing sector, could save tens of billions of US dollars through export of products that are more deeply processed and contain more value added. Export levels can also be maintained by selling huge amounts of energy resources, which are now being lost through inefficient use inside the country. Experts of the World Bank estimate that energy inefficiency of the Russian economy costs $84-112 billion per year in lost profits from sales of oil and gas[15].

7.4.2. Targets for MDG indicators

We will look at quantitative values showing progress towards achievement of MDG7 (environmental sustainability) and its targets, based on the indicators adopted for Russia, which were discussed above. It is always difficult to produce concrete values, and it is even more problematic now, in view of the crisis and attempts to overcome it, as well as uncertainty about duration of the post-crisis period. Progress indicators in the periods up to 2015 and 2020 are very hard to predict.

We will base our forecasts on the innovative scenario, and will use main guidelines set out in official documents for Russia's long-term social and economic development: the LDP; the Energy Strategy up to 2030 (approved by the Government in 2009); federal target programmes, etc.

Improvement of environmental conditions in areas with ecological problems is highly important for raising human development potential. According to the LDP, the share of the population living in areas with environmental problems should be reduced nationwide, from 43% in 2007 to 14% in 2020.

Reduction of Russia's most critical indicator of environmental capacity – energy intensity – has decisive importance for innovative development. Improvement of energy efficiency could be a link in the chain of events, which shifts the economy towards sustainable development. Reduction of energy intensity depends on positive shifts in the economy, reduction of the share of nature-intensive sectors and growth of high-tech, knowledge-intensive sectors. Energy efficiency awareness should promote energy-saving programmes, which remain stalled at present. Russia's energy-saving potential is enormous. The energy intensity indicator is a key indicator for the whole of MDG7 for Russia. Its reduction will be a major prerequisite for progress in other aspects of MDG7, i.e. there should be correlation with the following indicators:

[15] Russia's power efficiency: Concealed reserves. World Bank, 2009

- Total size of protected areas and areas covered with forest: saving and rational use of energy resources will reduce primary demand for them, making it possible to avoid costly projects for extraction developments in new territories and remote areas, including forest areas;
- CO_2 emissions: reduction of energy intensity through improvement of energy-saving technologies will lead to reduction of GHG emissions;
- Environmental aspects of human habitat: modern technologies for energy consumption and energy-saving technologies will dramatically reduce pollution.

Russia's Energy Strategy includes an energy intensity forecast up to 2030, assuming major structural and technological changes in the economy and energy sector, and significant increase of energy efficiency. Energy intensity of Russia's GDP as a percentage of the 2005 level should be no more than 78% in 2013-2015, and should drop to 57% or less by 2020. Further decline is targeted, by about 2.3 times in the period to 2030, giving a result of 44% or less as compared with 2005.

Progress of indicators for protected territories and areas under forest in 2015-2020 will depend on various trends, operating in different directions. Possible increase in timber production will lead to reduction of forested territories. The current deforestation level is much lower than in 1990: the annual target for tree felling is only 20% implemented at present, which has negative impact on the quality of forests, since the share of over-mature wood is rising, fire risks are increasing, etc. Domestic and international demand for timber will lead to increase of deforestation. Development of the energy sector and related new infrastructure (pipelines, roads, etc.), will also have negative impact on forests.

However, various other factors will tend to preserve forest-covered territories. Intensification of the forestry sector and deeper processing of timber will reduce consumption of primary timber. Reforestation, especially in the European part of the country, is a necessity. Forest areas will also expand as part of efforts to combat global climate changes and implement the Kyoto Protocol, which calls for forest planting as a means of absorbing GHGs and can make planting both environmentally efficient and economically profitable. So the innovative scenario could take the current area of forest-covered territory in Russia (47%) and use it as a benchmark, which should not be reduced in the next decade.

In many developed countries large tracts of land (20-30% of total space) are protected areas (figures are 33% in Austria and Germany, 26% in the USA, 21% in Great Britain, etc.). It seems proper that the total area of protected lands in Russia (over 13%) should be increased in the course of the innovative scenario, to 18-28% by 2015 and 22-25% by 2020, particularly in view of the importance of Russian protected areas for preservation of the global biosphere. There is vast potential for expansion of conservation areas, since 65% of the country's territory remains untouched by man at present. Increase of protected areas at regional level could also play an important role. The LDP calls for increase of federal protected territories (not including regional) by 11 million hectares, or 2.5 times by 2020. However, such progress could be undermined by growth of the main resource sectors: mineral extraction, forestry and agriculture.

Adoption of the Climate Doctrine (2009) and commitment to actively participate in global efforts to combat climate change make GHG emission forecasts an important factor of social and economic development. Gross GHG emission indicators for 2015 and 2020 can be linked to Russia's obligations under the Kyoto Protocol and the possible future global agreements to address climate change. Russia has ecological limits for emissions of CO_2 (and five other greenhouse gases) in the first budget period of the Kyoto Protocol (2008-2012). It is still unclear at present what agreements and obligations will follow after 2012, but the commitment demonstrated at the 2009 Summit in Copenhagen shows that the international community is serious about combating global climate change, so further limitation of the upper level for GHG emissions can be expected by 2015 and 2020.

It is often said at present that Russia's commitments under the Kyoto Protocol could limit the country's economic growth. This is true, if Russia clings to the old, resource-exporting scenario. But the innovative scenario, with its radical restructuring of the energy sector and reduction of energy intensity will easily ensure that Russia does not exceed the 1990 level of GHG emissions in 2015 and 2020. President Medvedev has spoken of Russia's readiness to reduce GHG emissions by 25% by 2020 as compared with 1990[16]. Russia can obtain large economic benefits (several billion dollars) from selling its GHG emission quotas on the international market.

Uncertainty over future development of various trends make it difficult to forecast numbers of people living in highly polluted cities in Russia. As mentioned above,

[16] http://www.kremlin.ru/transcripts/6914

many cities are experiencing an increase of air pollution from car exhausts, which, along with the consistently high level of emissions from stationary sources, keeps pollution indicators in these cities at high levels. According to the target goals of LDP 2020, the number of cities with high and very high pollution levels should be reduced by at least 5 times before 2020 and the number of people living in adverse environmental conditions should be reduced by at least 4 times. So, assuming the innovative scenario, we can expect reduction of the number of polluted cities from current 136 to around 27 by 2020, and the population living in such cities should decline from 56 to 14 million. The target for 2015, assuming structural and technological restructuring of the Russian economy and adoption of EURO standards for automobile emissions, is reduction of the number of people living in highly polluted cities by half, to 28 million.

Improvement of the environmental conditions of human habitat is closely connected with future development of the housing market, dealt with by the Federal Housing Programme and its sub-programme, 'Relocation of RF citizens from dilapidated and dangerous housing. Based on the innovative scenario, we can expect that 95% of urban housing stock will have water supply and sewerage systems by 2015 and that this indicator will reach 100% by 2020.

It is more difficult to forecast improvement of housing conditions in rural areas. The share of satisfactory housing in rural areas has significantly increased in 1995-2008, by 11-13%. Therefore, the target goal for centralized water supply by 2015 could be 53-54% and 44-45% for the sewerage system. If rural housing standards and incomes of the rural population continue to grow at the same pace, we can expect the share of households with centralized water supply to be at least 61-63% and the share with sewerageto be at least 51-53% by 2020.

The small share of dilapidated and dangerous housing (3.2% of total floor area) makes it reasonable to expect that such dwellings will halve by 2015 to 1.5-1.6% and be totally eliminated by 2020.

7.5. Monitoring MDG7 progress

The institutional factor is highly important for monitoring MDG7 progress. Until recently Russian Government structure did not provide a uniform and centralized means of resolving environmental protection and environmental sustainability issues, and the institutional situation had worsened in comparison with the 1990s. Extensive authorities were vested with the Ministry for Protection of the Environment and Natural Resources in 1991-1996, but in 1996 the Ministry was reformed into a Committee, with dramatic reduction of its powers, and finally, in 2000, the Committee was disbanded and its functions were transferred to the Ministry of Natural Resources, whose main brief was utilization of natural resources. A step towards improvement of environmental protection was made in 2008, when the Ministry of Natural Resources was reformed into the Ministry of Natural Resources and Environment with additional functions of elaborating and implementing state environmental policy, and regulating environmental protection issues.

We will look at the problems of monitoring MDG indicators, primarily from the viewpoint of statistical support.

The situation respecting the energy intensity indicator is paradoxical. This indicator is considered one of the most important for Russia's sustainable development and is contained in all national strategies and development programs. But energy intensity and progress indicators for energy intensity are not included in official publications of Rosstat. There are various approaches for calculating the indicator in Russia and worldwide. Rosstat needs to choose its methodological approach, and to calculate and publish energy intensity values in its official documents on an annual basis.

The indicator 'proportion of land with forest cover' is calculated using government statistics for forest areas, timber resources by type, annual change in the amount of timber resources and their use. This accounting is carried out once every five years.

The indicator 'proportion of protected land' uses government statistics for national protected territories and federal national parks. However, as explained above, they account for less than one-fifth of total protected territories, most of which have regional status. We now have institutional and regional statistics, which cover all types of protected territories, and they should be aggregated and updated by Rosstat on a regular basis.

The need to inventory and monitor the CO_2 emissions indicator, as well as emission indicators for other greenhouse gases, is specified by the Kyoto Protocol, Russia's Climate Doctrine, and Russia's international commitments respecting measures to address global climate change. It is therefore necessary to include this indicator in official government statistics. Data on GHG emissions based on Russia's national report on registering anthropogenic emissions and absorption

of greenhouse gases are now being published, as are official statistics on major GHGs per type of emission and per sector. However, data on CO_2 emissions in Russia's regions are not yet published, although they are needed for the purposes of sustainable development programmes at regional level. Rosstat, together with Roshydromet and the Ministry of Natural Resources and Environment should correct this omission.

Statistics for the number of people living in highly polluted cities and the quality of ambient air (based on the complex index of atmospheric pollution) are offered by in-house statistical data of Rosstat and Roshydromet. Rosstat should publish these data annually.

The three indicators which describe environmental conditions and quality of housing ('share of housing stock with centralized water supply, (urban and rural)', 'share of urban and rural population with access to sewerage systems' and 'share of dilapidated and dangerous housing stock') have good statistical coverage and are updated annually.

The following indicators deserve to be adopted and used for measuring Russia's progress towards sustainable development:

- Area undisturbed by man;
- Rate of fixed asset renewal;
- Number of people using water, which does not meet hygiene requirements.

7.6. Conclusions and recommendations

Sustainable development of Russia's social and economic system requires emphasis on the environment in government policy. The following important changes, which could directly or indirectly lead to 'green' growth in Russia, reduction of environmental pressure, and increasing efficiency of natural resource utilization, deserve to be highlighted:

- Development and adoption of a long-term sustainable development strategy for the Russian Federation;
- Creation in the country of environmental conditions, which would promote human development;
- Elimination of environmental threats to public health;
- Creation of an environmentally balanced development model for the economy and environmentally competitive industries, which would promote 'green' growth and transition to a low-carbon economy;
- Tightening of government control and monitoring of environment quality, particularly of ambient air (especially in big cities) and potable water quality;
- Improvement of the housing stock, including housing-related environmental conditions of life in urban and rural areas;
- Development and broad use of sustainable development indicators, including MDGs, adjustment of traditional development indicators to reflect environmental issues;
- Development of environment-oriented taxation, crediting, subsidizing systems, trade tariffs and fees;
- Radical increase of environmental and energy efficiency, introduction of resource-saving BATs based on existing and newly developed economic and legal instruments;
- Significant reduction of resource costs and pollution per unit of final product (per unit of GDP at the macro level), in order to reduce natural resource intensity, particularly energy intensity;
- Rehabilitation programmes for environmental disaster areas, including measures to improve public health in these areas. State support for measures to reduce aggregated environmental damage in these areas;
- Changing export policy to reduce the share of primary resources in exports and increase the share of high-tech, knowledge-intensive goods and value-added products;
- Complex improvement of the legal system with regard to environmental protection and utilization of natural resources, as well as public health issues determined by environmental factors;
- Active involvement of the general public and private businesses in resolution of regional environmental issues;
- Increasing the level of environmental education and public culture at all stages of the education system, dissemination of environmentally sustainable development ideas;
- Supporting Russia' potential to provide global ecosystem services for stabilization of the global biosphere. Using environmental levers at international level to make Russia eligible for various benefits, including economic benefits;
- Supporting international and regional cooperation programmes for environmental protection, as well as globally accepted procedures and protocols.

ATTACHMENT

Table 7.3. MDG 7

MDG targets	MDG targets for Russia	Progress indicators	Progress indicators for Russia	Current value	Target value for 2015	Target value for 2020
Target 1. Include sustainable development principles in national programmes and strategies and reverse the process of losing natural resources	Target 1. Include sustainable development principles in national programmes and strategies and reverse the process of losing natural resources	1. Forested area, %	1. Forested area, %	47%	Not less than 47%	Not less than 47%
		2. Protected area for preserving biodiversity of terrestrial environment	2. Protected area for preserving biodiversity of terrestrial environment	13%	18-20%	22-25%
		3. Energy consumption per USD 1 of GDP	3. Energy intensity	0.324 m.t. of oil equiv. / thousand USD	Not more than 78% against the 2005 level	Not more than 57% against the 2005 level
		4. CO_2 emissions (per capita) and consumption of ozone-destroying substances (million tonnes)	4. CO_2 emissions (million tonnes)	2193 m.t. in CO_2 equivalent (around 70% of the 1990 emission level)	Reduction by 27-28% against the 1990 level	Reduction by 25% against the 1990 level
		5. Share of the population using solid fuel	5. Share of the population living in extremely polluted cities	56.3 million people	28 million people	14 million people
Target 2. Halve the number of people without permanent access to clean potable water	Target 2. Supply the population with clean potable water	6. Share of the population with permanent access to a source of high-quality potable water in rural and urban areas	6. Share of housing stock with centralized water supply (urban, rural areas)	89% of urban housing stock 46% of rural housing stock	95% of urban housing stock 53-54% of rural housing stock	100% of urban housing stock 61-63% of rural housing stock
Target 3. Ensure significant improvement of the living conditions of at least 100 million slum dwellers by 2020	Target 3. Ensure improvement of people's housing conditions	7. The share of urban population with access to sewerage system	7. The share of urban and rural population with access to sewerage system	87% of urban housing stock 37% of rural housing stock	95% of urban housing stock 44-45% of rural housing stock	100% of urban housing stock 51-53% of rural housing stock
		8. The share of households with access to owned or rented accommodation	8. The share of dilapidated or dangerous housing stock	3,2%	1,5-1,6%	0

CHAPTER 8.
DEVELOPING A GLOBAL PARTNERSHIP FOR DEVELOPMENT

8.1. Progress in achieving MDG 8

The 8th Millennium Development Goal calls for the international community to seek comprehensive solutions to meet the needs of least developed countries, countries with no access to the sea and small emerging island nations, for creation of transparent, rule-based and non-discriminatory trading and financial systems, for solution of the debt problems of emerging nations, and for involvement of the private sector in addressing these problems.

Progress in achieving this goal is determined by a number of factors.

First of all, changes during recent years in the ways international aid is provided are having a certain effect on prospects for achieving Goal 8. Secondly, negative impact of the global economic and financial crisis on prospects for solving the main problems faced by emerging nations also has to be taken into account. Thirdly, an important aspect of global partnership for development is ensuring the transparency and accessibility of information about the efforts and progress that are made.

Radical changes in the international mechanisms of international development assistance (IDA) became especially obvious during the global crisis. For the first time, it is specifically countries with emerging markets that are helping the world to overcome the global economic crisis and are driving the global economic recovery. These countries have also helped to lessen the shock caused by the crisis in countries with low income levels.

It is also important to take account of the varied nature of the global challenges that have been closely associated in recent years with development issues: combating climate change, diagnosis and treatment of infectious diseases, financial stability, accessibility and fairness of global trade, and access to knowledge.

One key to success is undoubtedly mobilization of financial resources. Over the past decade, there has been a marked trend towards increased aid from the entire donor community. Thus between 2000 and 2009, the official development assistance (ODA) package increased from USD 52 billion to USD 121 billion per year. Naturally, the bulk of this help comes from traditional donors. However, the role of the so-called emerging donors has also become much more prominent. These new donors have been gradually increasing their participation in financing of ODA, including financing under the South-South partnership. The emergence of new partners in development assistance – countries with growing economies, giving billions of dollars to developing countries – makes it possible to use new ideas and resources for poverty reduction policy and for achieving economic growth, including by means of a fast-growing private sector. The assistance provided by the new partners is helping to solve such global problems as ensuring the security of food supplies and overcoming the consequences of climate change. This process is naturally brought about by growth of national economies of the majority of the new donors, and increase in their share of global markets for goods and services.

The new donors are playing an ever more prominent role in the ever more complex mechanism of international assistance for development. The experience of the new donors as former recipients of aid puts them in a unique position for establishing partnership relationships based on regional and cultural links. South-South cooperation can serve as an instrument for exchanging information, sharing experience and developing a closer partnership dialogue. One area in which the South-South cooperation is developing especially fast is provision of humanitarian and technical aid, and there is particularly large potential in the practice of tri-partite cooperation using the experience and technology base of traditional donors for implementation of IDA projects.

Clearly, both the new and the traditional donors must have a common goal of achieving the Millennium Development Goals and developing an international partnership for development.

One promising format for such cooperation, which is already taking shape, is cooperation between the Committee for Development Assistance of the Organization of Economic Cooperation and Development, which includes the largest donors in the OECD, and the new partners to establish new partnerships that can seek solutions to complex development problems.

In this context Russia is attempting to play a leading role in the establishment of dialog between the traditional and new donors. In particular, Russia organized two international conferences in Moscow, one in 2006 and one in 2010, which discussed the role of the new donors in development financing. One result of the conference held in February 2010 was initiation of the so called Moscow process, through which Russia will play a more active role in the establishment of new forms of cooperation in international development

BOX 8.1. New donors in the architecture of global development aid

Expansion of Russian official development aid (ODA) is a part of global extension of the forms and types of official aid, and appearance of new sovereign donors in the global aid system. Some of the new donors are entering the aid process for the first time, while other are returning after a period of inactivity.

Scale of ODA by new donors[1]

In 2008 official aid provided by new donors was estimated at USD 12-15 billion, which is 10-15% of total ODA provided by OECD countries. The scale of aid provided by new donors has grown significantly in the past few years (it was only USD 3.4 billion in 2003). A large share of the growth represents input from such countries as Saudi Arabia, Turkey, South Korea and Poland.

Geographical priorities, mechanisms and forms of ODA

Most new donors prioritize ODA to countries in their own region of the world. The share of new-donor aid provided via multilateral channels (about one fifth) is lower than the multilateral share in total ODA of Development Assistance Committee (DAC) members. The multilateral share is somewhat higher for countries with small amounts of ODA, while new donors with large amounts of aid are particularly biased towards bilateral channels. New donors are more disposed to support specific projects and organize technical support programs than DAC members. New donors rarely participate in budget support programmes for developing countries.

Non-financial development aid from new donors

The international community believes that provision of non-financial development aid by new donors could have substantial positive effect. The new donors have specific experience in implementation of economic and social development programmes, which could be more useful and more easily adaptable to developing countries than the experience of DAC countries. The South-South exchange programme, supported by the OECD, the World Bank and a number of new donors, including India and China, is of interest in this context.

New donors and international development aid challenges

The international community is actively discussing priorities of development aid, its efficiency and relevance for national economic and social development plans, as well as productivity of ODA. These issues were covered in the Paris declaration on aid efficiency and in the action plan, which was approved by the international conference in Accra in 2008. Issues of priorities and forms of development aid, including aid statistics and reporting, inter-agency coordination and cooperation mechanisms with partner countries and multilateral organizations, are most critical for the new donors, many of which still have far to go in order to bring development aid into accordance with their national priorities, and social and environmental standards. For many developing countries expansion in the number of aid partners creates new possibilities for solving economic and social problems, but it also increases the amount of coordination work required, making multilateral coordination a vital issue. New donors face a very serious challenge of training qualified personnel for aid programmes and informing their own general public and the international community about their development aid efforts.

Andrei R. Markov, Ph.D. (Economics)

assistance, thereby creating a new global framework for such assistance, including, among other things, increased transparency, better coordination and greater returns, to be achieved by setting specific targets and working towards them.

The global financial and economic crisis, a declining global economy and rising prices for food and energy resources have threatened the progress achieved so far in providing aid, improving terms of trade, reducing debt and ensuring availability of medications and new technologies. The global crisis posed a number of challenges for global partnership in the sphere of development. Initial measures implemented by some countries to counter the effects of the global crisis included protectionist steps that directly obstruct the building of a transparent, rule-based and non-discriminatory trading and financial system.

The global crisis suddenly threatens to reverse successes to date in securing achievement of the Millennium Development Goals by 2015. The cataclysms on financial markets of developed nations and drastic slow-down of global economic growth have worsened the prospects for economic development of the poorest nations. According to the latest studies of the World Bank, 94 of the 116 developing countries surveyed, including 43 of the poorest nations, have experienced slower rates of economic growth. The biggest expenditure cuts have been in healthcare, education and agriculture.

[1] ODA statistics supplied by new donors.

Aid budgets for 2010 speak for themselves: donors are backing down on promises and a significant portion (USD 21 billion) of the originally pledged funds will not be provided. The donors will now allocate a total of USD 107 billion in aid packages.

Nevertheless, while some of the older partners either suspended or cut back their aid spending during the crisis, it is interesting to note that most of the new donors kept providing aid at the same level and some of them even increased their packages.

Russia is among countries that increased their development spending. Funds supplied by Russia in 2009 to developing countries on a bilateral or multilateral basis and qualifying as official development assistance under criteria of the Committee for Development Assistance of the Organisation for Economic Cooperation and Development amounted to more than USD 785 million, compared with USD 220 million the year before.

The global crisis has also revealed new opportunities for strengthening the partnership for development. New formats for support to emerging nations have been invented, the most prominent of which is, of course, the G20. The entire international community reacted very positively to decisions of the G20 leaders to allocate significant amounts of additional funds to reinvigorate the global economy and support the worst affected nations, including low income countries. The most significant of these decisions were initiatives to provide additional resources for the International Monetary Fund and increase capital of all the main multilateral development banks.

Russia made a major contribution to the development of new instruments for providing assistance to emerging nations not only by supporting the main initiatives of the G20 but also by initiating the formation of a new mechanism for interaction and provision of support to nations in need through the Eurasian Economic Community. Nations of the Eurasian Economic Community have established a USD 10 billion fund, USD 7.5 billion of which was contributed by Russia. A sizable portion of the funds is being made available to nations with low per capita income on terms comparable with the official development assistance criteria.

Finally, an important factor in developing a partnership for development is the ensuring of transparency, accountability and accessibility of information about the policies that are being implemented to promote development, as well as increase of legitimacy and the level of public trust in the actions being implemented in this area and in the key international organizations and forums in charge of implementing these actions. The most representative example in this area was the establishment of a process for preparing and publishing reports on implementation of the resolutions passed by the G8 leaders, the first result of which was the publication of a joint report of the G8 nations on the results achieved by them, which was published in the run-up to the summit in Muskoka in June 2010. Russia took an active part in the preparation and approval of main sections of the report, thereby taking one of the first but extremely significant steps towards building a national system of accounting for and reporting on development assistance.

8.2. The economic and political context for expansion of Russia's participation in international development assistance

In recent years Russia has moved away from being a recipient of international bilateral aid and has significantly expanded the scale and forms of its own provision of international development assistance. This was made possible by sustained growth of the national economy in the first decade of the 21st century as well as by Russia's adoption in 2007 of the Concept of Participation in International Development Assistance[2]. This document provides a basis for an integrated approach to Russia's participation in IDA, which combines planning, management, monitoring and the assessment of results. The Concept formulates the main goals of Russia's IDA policy and the principles of providing official development assistance.

In the context of continued globalization, failure to provide assistance to nations with low per capita incomes undermines global economic growth, destabilizes the global economy, and has an adverse effect on safety in the majority of regions by creating conditions for the spread of terrorism, infectious diseases, uncontrolled migration and environmental disasters. Russia views the sustainable socio-economic development of all the world's nations as a prerequisite for an effective global collective security system and constantly strives to find the most effective ways to support international efforts for liquidating imbalances in the development of various regions and nations.

[2] Approved by the President of Russia in 2007

BOX 8.2. The main goals of Russia's international development assistance policy

- Influence global processes to help create a stable, fair and democratic world order based on generally accepted principles of international law and partnership relations between nations;
- Liquidate poverty and ensure sustainable economic development in the developing countries and in nations that have experienced armed conflicts;
- Overcome the consequences of humanitarian, natural, environmental and technological disasters as well as other emergencies;
- Promote democratization in nations receiving aid as well as the formation of market economies and the protection of human rights;
- Develop political, economic, educational, public, cultural and scientific relations with foreign countries and inter-state associations;
- Develop a belt of good neighborliness around Russia's borders, counter the development of conflicts in neighboring countries, help eliminate origination of illegal drugs, international terrorism and crime in regions adjacent to Russia;
- Develop trade and economic cooperation between Russia and its partners;
- Stimulate integration of national markets of aid recipients with Russian markets for capital, goods, services and labour;
- Strengthen Russia's authority and promote objective perception of the Russian Federation by the international community.

Russia is committed to utilizing the diverse arsenal of multi-lateral mechanisms for providing ODA. These efforts include contributions to international organizations implementing development programmes, as well as participation in the financing of global funds, special international initiatives implemented by the G8, the World Bank, the International Monetary Fund and UN organizations.

Russia also supports the establishment of innovative instruments for financing ODA and has initiated the formation of new organizational mechanisms for providing aid through the Eurasian Economic Community.

Russia is an active member of a number of international IDA and ODA forums. It also welcomes participation in these forums by nations with fast growing economies in South-East Asia, the Pacific Region and Latin America. The processes employed by the G8 and the G20 also serve this process. Russian President Dmitry Medvedev said at the summit in Pittsburgh (September 25-26, 2009) that Russia views G20 not as a crisis relief organization but as a permanent economic forum that takes important economic decisions affecting the global economy.

The main goals of Russia's IDA policy are defined in the Concept of Russia's Participation in IDA (see Box 8.2). These goals are based on the UN's Millennium Development Goals as defined in the UN Declaration of 2000. At the same time, Russia is also guided by the generally accepted principles of ODA provision (See Box 8.3), supporting international initiatives to improve the quality, effectiveness and efficiency of use of funds provided through ODA channels as defined in the Paris Declaration on Increasing the Efficiency of Aid (2005).

Russia's regional IDA priorities are members of the CIS and the Eurasian Economic Community. Russia is implementing a number of diverse programmes to support development of these nations with emphasis on humanitarian and economic aspects.

BOX 8.3. The main principles for provision of ODA

- The recipients must have national programmes and strategies to poverty reduction and ensure sustainable economic growth, which must be implemented in accordance with the principles of mutual accountability of the donors and recipients in the global partnership to achieve sustainable development and eradicate poverty;
- The recipients must have political trends or be embarked on reforms that further development of social institutions in education, healthcare, social support of the poor etc.;
- The recipients must be implementing national programmes to combat corruption;
- The process for making decisions about the provision and use of aid must be transparent; all federal budget spending earmarked for IDA must be stable and predictable;
- The IDA actions implemented by Russia must be coordinated with actions of other bilateral and multilateral donors;
- The environmental and social consequences of implementing existing projects and actions must be taken into account;
- The recipients must demonstrate interest in developing bilateral cooperation with Russia.

The other priorities for Russia's IDA are sub-Saharan African nations as well as the poorest nations of the Asia-Pacific region and Latin America, which need help to achieve the Millennium Development Goals.

8.3. Annual amounts of IDA in recent years and relative use of various IDA instruments

Prior to the 2000s the amount of IDA provided by Russia was rather low. The sustained economic growth experienced by the country in the first decade of the 21st century led to significant increase in federal budget revenue, which in turn made the country better capable of providing IDA. Between 2002-2003 and 2005-2006, annual spending on international programmes and multi-lateral IDA initiatives (not including write-offs of debt owed by poor countries) doubled from USD 50 to almost USD 100 million.

In the next two years annual IDA spending doubled once again to USD 220 million. In accordance with the Concept of Russia's Participation in International Development Assistance, the country's international assistance spending should reach USD 400-500 million by 2012. Russia has adopted a target of IDA expenditures equal to 0.7% of GDP as a long-term goal.

Until the mid-2000s the forms of Russia's participation in IDA provision were limited. The bulk of IDA consisted of debt write-offs on lending, which Russia had previously provided to poor countries. In particular Russia wrote off debt as part of the Heavily Indebted Poor Countries (HIPC) initiative.

According to estimates by Vnesheconombank (Russia's External Trade Bank), Russia has written off or has committed to writing off total debt of USD 11.3 billion for African countries alone. If all of Russia's debt write-offs are taken into account, and not only those as part of the Paris Club of Creditors, then the total amount of debt written off by Russia is over USD 80 billion.

In accordance with the resolutions to further reduce the debt burden of poorest nations, passed by the G8 at the Sea Island summit in 2004, the Russian Government approved the decision to write off the debt of countries that owed money to Russia and had completed participation in the expanded HIPC Initiative by December 31, 2006, in exchange for implementation of a number of development programmes in those countries. The total debt of these nations to Russia was about USD 558.5 million, which was supposed to be repaid over a period of 23-40 years.

Russia seeks to use the whole variety of mechanisms for IDA provision, including multi-lateral mechanisms. By expanding multi-lateral provision of IDA, Russia is capitalizing on the main advantages of this form of assistance: international organizations have well-honed institutionalized mechanisms for ensuring that aid reaches the recipients, and they can offer additional capabilities to coordinate and harmonize IDA through financial control systems, unique technologies (expertise), and competencies.

According to estimates by Russia's Ministry of Finance, multi-lateral aid made up about 80% of Russia's total development assistance in 2007-2008. Another important trend in the same period was a decline in the share of Russia's contribution to international organizations and increase of the country's participation in financing of various international programmes and multi-lateral IDA initiatives. From 2005 to 2007-2008 the share of spending on participation in international programmes and initiatives doubled from 25% to 54% of total ODA spending. It should also be noted that the ratio of Russia's bi-lateral to multi-lateral aid has changed and was 60%-40% by the end of 2009.

Russia is keen to expand the potential of bi-lateral IDA. This depends on meeting certain conditions. In particular, channels must be established for delivering aid to its recipients and appropriate laws must be passed to regulate the procedure for transferring funds to the recipients and monitoring their use, etc.

According to the Concept of Russia's Participation in IDA, priority bi-lateral aid is given to:

- Financial grants for specific purposes or goods and/or services provided free of charge;
- Loans provided in accordance with appropriate ODA classifications of the Organization for Economic Cooperation and Development, for financing deliveries of industrial products to the recipients or implementing investment projects on their territory. All such loans must be provided for a limited period of time, interest must be paid on them and they must eventually be repaid;
- Technical assistance in the form of knowledge and competences to help recipients develop national healthcare, education, environmental protection, natural disaster relief and counter terrorism organizations;
- Lightening of the debt burden, including schemes by which debt is written off in exchange for implementation of development programmes, on condition that the debtor assumes commitments to

use resources freed by debt write-off to implement social and economic development programmes;
- Food supplies and humanitarian aid provided in emergencies and in the event of natural disasters;
- Simplification and greater affordability of national and international money transfer systems and ensuring their security and efficiency;
- Tariff preferences and other privileges for emerging nations to ensure that the products and services, which they offer, have access to the Russian market.

8.4. Sector priorities of Russian aid

Russian IDA has traditionally focused on education, healthcare, humanitarian aid and peace-making. The Concept of Russia's Participation in IDA defines priorities in the provision of ODA that take into account both old and new problems facing developing countries (see Box 8.4).

When Russia chaired the G8 in 2006, the following priorities in Russia's IDA participation were particularly emphasized:
- Fighting infectious diseases;
- Increasing the quality of education in the poorest countries;
- Combating energy poverty.

In each of these areas Russia assumed significant obligations in 2006-2007, which have either already been performed or are in the process of being performed, with significant budget funds being allocated to them.

One of the top priorities in Russia's ODA is support for healthcare. Russia implements policies and programmes to help develop vaccines, anti-viral drugs and drugs for the treatment of infectious diseases, and provides assistance to other members of the CIS in this field.

In 2005-2010 Russia organized 12 scientific conferences that discussed the development of vaccines and anti-viral drugs, with participation of scientists from emerging and developed nations.

Russia is a world leader in the promotion of research into infectious diseases as part of cooperation through such international organizations as the Shanghai Cooperation Organization, the Eurasian Economic Community and the CIS. In the CIS Russia coordinates technical and methodological support for efforts to monitor and supervise infectious diseases. A number of programmes have been developed and implemented, which aim to increase the potential of healthcare systems in partner states, including strengthening of laboratory networks.

In response to the threat of an avian flu pandemic, Russia allocated USD 45.8 million in 2006-2009 to implement an integrated programme for strengthening healthcare systems in the CIS.

Russia's leading research institutes constantly train specialists from CIS countries in infectious disease

BOX 8.4. Sector priorities of Russian IDA
- Combat energy poverty by giving people easier access to the resources they need in their daily life, primarily electricity;
- Strengthen national systems of healthcare and social security for the purpose, inter alia, of countering the spread of infectious diseases;
- Promote and ensure access to education, particularly primary and professional education, for all social groups and improve the quality of available education;
- Assist development of the institutional systems of the recipients as a basis for development of their national social infrastructure and promote the expansion of cross-border trade;
- Create and strengthen national systems for countering international terrorism, including systems that counter the financing of terrorist activities, groups and organizations;
- Strengthen and increase the efficiency of state governance systems;
- Support efforts to resolve military conflicts in all regions of the world, helping post-war construction, promoting the social and economic development of post-war countries, and preventing the recurrence of armed conflict in these countries;
- Improve trade conditions, including by simplification of procedures for cross-border movement of goods and services;
- Implement specific measures to protect the environment and resolve cross-border environmental problems;
- Support efforts by recipients to promote industrial development and innovation;
- Stimulate economic activities in the recipient countries and facilitate participation by the poorest social groups in their economic life;
- Promote the development of democratic institutions, including institutions protecting human rights.

monitoring, laboratory control and prevention of outbreaks of infectious diseases.

Russia is a leader in the development and implementation of measures to ensure general access to prevention, treatment and care for HIV/AIDS patients in Eastern Europe and Central Asia. These measures include helping CIS countries to prevent and monitor the spread of HIV/AIDS. Russia chairs the HIV/AIDS Coordination Committee of the CIS. Two consecutive five-year programmes, 'Cooperation in Combating HIV/AIDS in the CIS', have been developed under Russia's supervision and approved by the leaders of CIS countries (2002-2006 and 2009-2013). Our country initiated the inclusion of the fight against HIV/AIDS among priorities for cooperation with other regional international organizations, such as the Shanghai Cooperation Organization and the Eurasian Economic Community.

In partnership with the Global Fund for Combating HIV/AIDS, Tuberculosis and Malaria and the joint HIV/AIDS programme of the UN (UNAIDS), Russia organized the largest regional forum for HIV/AIDS in 2006, 2008 and 2009 – the Conference for HIV/AIDS in Eastern Europe and Central Asia – which brought together more than 2500 delegates from 50 countries. The Government of the Russian Federation is the largest donor supporting this conference.

Russia allocated USD 38 million from its federal budget in 2008-2010 to promote research into development of an HIV vaccine and to coordinate this work with other CIS countries.

In 2007-2010, Russia implemented a programme to strengthen the existing networks for eliminating the consequences of natural disasters and technological catastrophes, allocating a total of USD 60 million. The programme aimed to ensure effective use of quick-response teams and help participating countries to improve their own disaster-response capabilities.

In 2009 Russia developed and launched a four-year programme to combat 'forgotten' tropical diseases, allocating a total of USD 21 million. It is expected that this programme will support research into and strengthen of control over a number of tropical diseases in Africa and Central Asia, which have received little attention in recent periods. Various components of the programme will be implemented in Ethiopia, Angola, Tanzania, Tajikistan and Uzbekistan. As part of this Russian initiative a new programme for diagnosing forgotten tropical diseases will be developed, capabilities of the participant countries to monitor and counter outbreaks of these diseases will be improved, training for medical staff will be organized, and laboratory equipment will be supplied.

Education is another traditional sphere of Russian IDA. At present over 120,000 foreign students are studying in Russia with their tuition paid both on a commercial basis and by scholarships provided from the federal budget. The foreign students are studying at more than 650 higher education institutions in Russia. Most of them are from the CIS (over 70,000), Asia, Africa and Latin America.

In 2008 the Russian Government increased the annual quota for foreign students and Russian expatriates in Russian universities and professional higher-education institutions from 7,000 to 10,000.

Issues of education development, including issues concerning primary education and, in particular, the quality of education, have had top priority for Russia since the St. Petersburg summit in 2006. Russia makes a significant contribution to implementation of the international programme, 'Education for All', which aims to ensure access to high-quality primary education, literacy and gender equality in line with the Millennium Development Goals.

Russia has allocated USD 10.2 million for purposes of the 'Education for All' programme/Accelerated Financing Initiative in 2006-2010, of which USD 6 million provided to date has been transferred to the programme's Catalyst Fund, while USD 4.2 million has been transferred to the fund for the development of educational programmes at part of 'Education for All' in 2006-2010.

Implementation of the Russian Education aid programme (READ), which was proposed by Russia, began in 2008 as part of the 'Education for All' programme, in cooperation with the World Bank. The READ programme aims to achieve the 2nd and 6th Millennium Development Goals. Its objectives are to assist partner nations in increasing their institutionalized capacity for assessing results of the education process, and use of these assessments for improvements in education. It is expected that about USD 50 million will be spent on this programme in Africa, South-East Asia and Central Asia.

Russia is helping to solve problems in the field of education and implement initiatives both through multi-lateral aid channels and through other donor partnerships. This approach guarantees close coordination of efforts with other donors and alignment with the national development strategies of the partner countries. It also provides the most efficient means of assisting vulnerable and post-conflict nations.

For example, Russia is helping the Republic of Afghanistan through the World Bank's special trust fund

for the reconstruction of Afghanistan, including Russian aid for education.

The power industry is an important sectoral priority for Russia. At the G8 summit in St. Petersburg in 2006, Russia proposed an action plan to improve global energy security. One element of the plan is reduction of energy poverty in developing countries by development of power infrastructure in rural regions of Africa. This initiative is currently being implemented with participation of the Global Village Partnership, with Russia contributing around USD 30 million. This money will be used to finance a number of measures in sub-Saharan Africa. The Partnership has now expanded reach of the programme to 21 countries. Mini-power plants and power transmission lines are being built to deliver electricity to the remotest regions of African countries.

Russia traditionally provides emergency humanitarian aid as part of its ODA effort. Since 1995 Russia's emergency humanitarian relief corps has provided aid in more than 60 countries around the world. The corps has participated in dozens of international rescue programmes to provide humanitarian aid to citizens of foreign states.

Russia is working consistently to increase the amount of emergency food relief that is provided to developing countries through bi-lateral channels and through appropriate international organizations and agencies such as the UN's World Food Programme, the UN High Commissioner for Refugees and the International Civil Defense Organization. In 2009 Russia spent USD 48 million on food relief and on assisting the development of agriculture and rural areas in developing countries both on a bi-lateral basis and through various international organizations. In 2008 Russia was among the first donors to the Multi-Lateral Trust Fund of the Programme to Counter the Global Economic Crisis, established by the World Bank, making a contribution of USD 7 million. Subsequent contributions of USD 5 and 3 million were made by Russia in 2009 and 2010, respectively.

Russia takes the view that a reform of international agricultural and food infrastructure is of utmost importance, and pursues a policy of global partnership on this issue, particularly on a multi-lateral basis. Russia supports the measures and programmes implemented by the World Bank, the UN World Food Organization and the International Civil Defence Organization to prevent food crises, as well as the strategic goals and priorities of the reform being implemented by the UN Food and Agricultural Organization (FAO), which will enable millions of farmers and other agricultural workers across Europe and Asia, including developing countries, to access the FAO's expert assessments and practical materials, including manuals, standards, best practices and technologies.

Russian intends to implement a number of short-term, medium-term and long-term actions, following the recommendations of the Global System of Actions developed by the high-level Special Commission of the UN, aimed at ensuring food security and support of the agro sector in developing countries. Russia's national strategy of assisting international development ensures an optimal combination of cooperation and development assistance for improving capabilities to resolve food security problems in recipient countries.

Russia supports reform of the Consultative Group on International Agricultural Research (CGIAR), including effective studies in the field of agricultural policy and the environment, and the achievement of specific results to establish sustainable food security in developing countries. Russia intends to take a part in financing the CGIAR from 2010.

As a permanent member of the UN Security Council, Russia makes a significant contribution to development of strategy for resolution of armed conflicts and determining the mandates of appropriate peace-keeping operations. Russian military and internal affairs officers are involved in all of the UN's peace-keeping operations in Africa: in Burundi, Democratic Republic of Congo, Western Sahara, Sierra- Leone, Ethiopia and Eretria, Ivory Coast, Liberia and Sudan.

In 2005-2009 Russia trained 226 UN peace keepers and military observers, including representatives of African nations. In total 1090 military personnel were trained and sent on mission in that period. The training was paid by Russia's federal budget.

Since 2005 Russia has trained about 200 civil police officers from 41 countries, including 170 from Africa. Russia's Ministry of Internal Affairs organized in May through July 2009 in close cooperation with the UN training courses for patrol police and mobile brigades used as part of the civil police. Since 2006 Russia has trained 83 Afghan drug enforcement policy officers.

Russia deployed two airbases at the UN Mission in Sudan and the UN Mission in the Central African Republic and the Republic of Chad, and provided a avian broad range of aviation services as part of

Table 8.1. Russia's commitments to healthcare-related IDA (million USD)

Organization/programme	2007	2008
1. General healthcare aid (including technical assistance and sector support)	–	1, 64
2. Contributions to international healthcare organizations (funds)		
Global fund	85,7	78,4
WHO (ODA only)	8,0	14,57
UNAIDS	0,5	1,1
3. Other international organizations		
UN (UNCF, UNDP, UNFPA, UNHCR, etc.)	0,6	0,6
World Bank	7,33	12,2
Bilateral aid	–	1,75
Total:	102,14	110,2

the UN peace keeping operations in the region, airlifting 14% of the total cargo transported for the missions.

In August 2009 Russia's EMERCOM and the government of Germany gave two medevac helicopters to the Republic of Afghanistan worth a total of USD 7.42 million. In addition, Russia gave Afghanistan 50 KAMAZ trucks and 2 fire trucks in December 2009.

Since 2008 Russia has been contributing USD 2 million annually to the UN Peace Keeping Fund. In 2009 Russia gave over USD 7 million to the International Civil Defense Organization in the form of technical and financial assistance to help the Organization carry out humanitarian mine sweeping operations. Russia finances five national mine sweeping brigades on a permanent basis. Russia constructed 9 bridges in 2009 under an agreement between Russia and Lebanon and handed them over to the Lebanese, while 98 Lebanese were given instruction in civil engineering and construction.

8.5. Russia's participation in main international healthcare organizations (Global Fund to Combat HIV/AIDS, WHO, World Bank)

When it chaired the G8 in 2006, Russia led the way in making the fight against infectious diseases a priority item on the summit agenda. On Russia's initiative the G8 passed a special document that defined the position of the world's main industrial countries on the whole range of issues related to the spread of epidemics of infectious diseases such as HIV/AIDS, malaria, polio, tuberculosis, avian flu and SARS, and defined a global strategy in this area. The statement on combating infectious diseases passed in St. Petersburg defines a long-term global strategy for combating health threats related to the spread of infectious diseases.

One result of the summit in St. Petersburg was a decision to regularly monitor performance by the G8 of its obligations in healthcare. Russia's initiative was supported and expanded by subsequent chairs of the G8 (Germany, Japan and Italy). A group of healthcare experts was assembled to prepare annual reports on the contribution by the G8 to solving global healthcare problems.

Since 2006 Russia has been steadily increasing the amounts of money committed to international healthcare aid. Russia's total commitments to healthcare IDA in 2000-2005 were estimated at USD 52.03 million. In 2006, this figure was USD 29.85 million. In 2007 Russia's healthcare IDA went up to USD 102.14 million and in 2008 it further increased to USD 110.29 million (see Table 8.1). The figure in 2009 was USD 90.72 million.

Russia participates in various healthcare ODA and IDA programmes both through international organizations and by providing healthcare aid directly.

At the G8 summit in St. Petersburg, Russia announced its willingness to participate in the Global Fund's programmes to combat HIV, tuberculosis and malaria. The Government of Russia passed a resolution to compensate the Global Fund in 2007-2010 for USD 217 million of aid, which the Fund had previously provided to Russia. Taking account of this, Russia's total contributions to the Fund in 2001-2010 will amount to USD 257 million. Russia's repayment of the aid, which it had previously received from the Fund, has significantly improved the Funds capabilities to finance various programmes in Africa and expanded the range of mechanisms that the Global Fund can employ to work with new donors, which, until recently, were recipients of aid.

At the G8 summit Russia actively supported the development of a new innovative mechanism for financing IDA – the Advance Market Commitments for Vaccines (AMC). The AMC significantly improves the access of poor countries to mass vaccination of their populations. In 2007 the Government of the Russian Federation issued a directive authorizing Russia's participation in the pilot AMC project. In 2010-2019 Russia's voluntary contributions to this cause will total about USD 80 million.

In 2003-2008 Russia contributed USD 18 million to the Global Initiative for Polio Eradication.

8.6. Russia's policy towards the International Development Association

The International Development Association, established by the World Bank in 1960, is responsible for providing loans on favorable conditions to poor countries with a repayment period of 30-40 years and repayment of the principal starting 10 years after provision of the loan. At present the world's 79 poorest nations are receiving aid through the International Development Association.

Russia has been a member of the International Development Association since 1992. Russia's Ministry of Finance is the chief coordinator of the country's participation in the International Development Association. Since joining the Association Russia has been actively participating in the organization's activities as a donor. Accrued contributions by Russia to the International Development Association stood at USD 1884.4 million in special drawing rights (SDR) by the end of 2009.

Russia's contributions to the Association in recent periods have tended to exceed the official quotas set by the organization. As part of the thirteenth round of contributions to the Association, Russia was supposed to contribute 0.08% of total contributions, or SDR 8 million. Nevertheless, the actual contribution made by Russia was SDR 20 million. During the fourteenth round of contributions Russia's assigned quota was SDR 17 million, but the country contributed an extra SDR 21.7 million. Finally during the fifteenth round of contributions to the Association, Russia's quota was increased to SDR 44.54 million, but Russia contributed another SDR 23.54 million on top of that. Russia's contribution in the fifteenth round coupled with the participation in the MDRI initiative in 2009-2017 was SDR 70 million, or about USD 110 million.

8.7. Russia's development assistance policy during the global financial and economic crisis

Russia stated in its proposals at the G20 summit in London: 'Russia believes that it is vitally important to try and preserve the positive trends in the financing of development seen in recent years, ensure proper support for emerging nations, the vast majority of which were hit hard by the ongoing crisis, and prevent a repeat of the situation seen in the early 1990s when a recession in the world economy was followed by a significant cut (by more than 20%) in the amount of aid provided. We believe it necessary for the donor countries, international organizations and partner countries to jointly prevent a situation when a financial crisis can result in an international aid crisis. At the same time we believe that in the context of the global financial crisis it would make sense to focus on supporting the poorest and most vulnerable social groups in the developing countries as well as on financing infrastructure projects that create the basis for economic growth while at the same time creating jobs.'

Guided by these principles, Russia significantly increased its IDA spending during the global financial and economic crisis, while many of the other donor countries suspended or cut their IDA spending.

In 2009 Russia provided nearly USD 800 million worth of aid to emerging nations, which qualifies as ODA under the criteria of the Organization for Economic Cooperation and Development, both through bilateral and multilateral channels. This was done despite the inevitable negative impact of the global economic crisis, manifested, inter alia, in global price declines for energy resources, which seriously undermined Russia's economy.

The dramatic deterioration of global economic conditions, a sharp drop in exports, capital drain and suspension of loan provision by banks led to a significant drop in investment activities and slow-down in Russian industry. Russia's GDP contracted by 7.9% in real terms in 2009. The budget deficit in 2009 was 5.9% of GDP and 6.4% of GDP with quasi-fiscal expenditures taken into account. Unemployment was 8.2% and inflation was 8.8%.

Decline of tax revenues caused total revenues of the federal budget to be 36.8% lower than planned. At the same time federal expenditures grew by 7.4%, due, *inter alia*, to government measures to support various sectors of the economy, labor markets and vulnerable social groups. In 2009, for the first time in a decade, the federal budget ran a deficit (6.4% of GDP), which should decrease as the country slowly recovers from the crisis and the economy returns to growth. The forecast budget deficit is 4% of GDP for 2011 and 3% in 2012.

Despite these setbacks, Russia took a number of steps to significantly increase the amount of aid it provides to developing nations. One of the most significant initiatives was the establishment of a completely new kind of financial support mechanism – the Anti-Crisis Fund of the Eurasian Economic Community (Box 8.4) – in order to counter the negative consequences of the global economic crisis in the Eurasian Economic Community. The fund

BOX 8.5. The Anti-Crisis Fund of the Eurasian Economic Community (EurAsEC)

The Anti-Crisis Fund of the Eurasian Economic Community is an instrument for raising, accumulating and using financial resources in order to:

- overcome negative impact of the global financial and economic crisis on national economies, ensuring their economic and financial stability, and
- promote further integration of the economies of the Fund's member states.

The Fund's money is used to:

- provide financial loans to member states to help them overcome the negative impact of the global financial and economic crisis on their economies, and
- finance international investment projects.

All loans are provided at interest and must be repaid.

The initial contributions to the Fund by its members are as follows:

- Republic of Armenia: USD 1 million;
- Republic of Belarus: USD 10 million;
- Republic of Kazakhstan: USD 1 billion;
- Republic of Kirgizia: USD 1 million;
- Russia: USD 7.5 billion;
- Republic of Tajikistan: USD 1 million.

The fund is managed by a council comprised of the finance ministers of the member states and representatives of the international organizations that are members of the Fund, in association with the managing director of the Fund in accordance with the procedure defined in the Fund Regulations. Any country or international organization that shares the goals of the Fund can join it.

The functions of Fund manager are performed by the Eurasian Bank of Development on the basis of a fund management agreement between the member states and the Bank.

was established by Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. Russia pledged to make an initial contribution of USD 7.5 billion to the Fund, whose total size will be USD 10 billion. Some of the money will be used to support countries with low per capita incomes.

The Fund is open to membership by other countries and international organizations. Any country or international organization that shares the Fund's goals is free to join. The Fund coordinates its activities with other international financial organizations and is guided by the same principles as the main international organizations.

8.8. Strengthening Russia's IDA institutions

In the context of Russia's more active participation in the global partnership to achieve the Millennium Development Goals and taking account of the rising amounts of aid provided by Russia, work is being carried out to establish and strengthen Russia's institutional capacity in the sphere of IDA.

A special IDA work group has been established as part of the Governmental Commission for Economic Development and Integration, consisting of representatives of various executive authorities under the chairmanship of the Ministry of Finance and the Ministry of Foreign Affairs of Russia in order to ensure coordination between federal executive authorities and international organizations and the governments of other donor nations in provision of IDA and to create a mechanism for interaction between federal executive authorities to develop a state policy in this field. By cooperating with various ministries and authorities, this group will determine the country's IDA priorities and prepare a list of priority aid recipients, international organizations and agencies and as well as other donor nations, and will decide on the channels to be used for IDA provision.

A number of international projects are being implemented to develop Russia's capabilities as an international donor in order to improve efficiency of steps taken by Russia for provision of development aid. The 'Russia as a Donor Initiative' (RDI), a project being implemented with financial support of the UK's Department for International Development (DFID), includes components to strengthen ODA reporting and statistics systems, as well as sharing of experience in development of development assistance training courses. The project also supports public opinion surveys to identify attitudes in society towards international aid and a number of information events for journalists. All the key federal agencies are participating in the RDI project: the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Education and Science, the Ministry for Civil Defense and Emergencies, the Federal Agency for Humanitarian Cooperation, etc.

The UK's Department for International Development is also implementing a project to support non-

governmental initiatives to combat poverty. This project is being implemented with involvement of the OXFAM office in Russia.

In order to create and develop expertise in international development assistance as well as to develop organizational and staff competencies of Russian organizations and agencies involved with international development assistance, steps have been taken to enlist Russian experts and utilize Russian practices in implementation of the International Programme to Improve the Quality of Basic Education in the CIS, Asia and Africa and of the World Bank's initiative to improve the capabilities of the Eastern European and Central Asian countries to manage their finances, as well as in implementation of international food security programmes.

There is also work underway to provide publicity and information support for Russia's participation in IDA and to develop mechanisms for information support to the national IDA system through the Development Committee of the World Bank and the Centre for the Implementation of the Millennium Development Goals.

8.9. Conclusions and recommendations

In recent years Russia has significantly expanded its participation in international efforts to achieve the Millennium Development Goals, and has obtained the status of an active and responsible international donor, increasing its contribution to combating poverty, hunger, infectious diseases and other global problems.

Russia's more active IDA policy should help to strengthen Russia's position in the international community, create a stable and fair world order, develop international dialogue, and eliminate the causes of modern security threats such as global terrorism.

However, Russia still faces a number of problems, successful resolution of which will determine the scale of the country's contribution to strengthening global partnership for development.

Work must continue on developing a national system for international development assistance, raising the level of Russia's expertise in this area, and refining national laws that define and regulate the main mechanisms for providing international aid:

1. It is important to complete development of a system of accounting, analysis and reporting on the amounts and recipients of Russia's international development assistance.

2. Measures should be implemented to develop a communications support strategy for Russia's participation in international development assistance, in order to raise awareness and support among the Russian general public and non-governmental organizations for the country's policy in this area as well as to create a positive image and adequate perception of Russia's international development assistance efforts both among the traditional donors and among recipients.

3. Analysis of the current situation should be used to prepare a list and set priorities for additional efforts by Russia in the next few years to support emerging nations, primarily in the CIS, to ensure their achievement of the Millennium Development Goals by 2015.

4. Russia must continue to actively participate in establishment of dialogue concerning development issues between traditional donors, new donors and recipients, using various formats and cooperation schemes.

5. Measures should be taken to increase the efficiency of Russia's IDA participation in the context of provisions of the Paris Declaration on the effectiveness of aid, resolutions of the Accra and Doha conferences, and other international forums regarding international development assistance. Such measures must take account of limits on financing that can be allocated by the federal budget for aid in an environment of global economic crisis and in view of the budget deficit.

6. More active efforts should be made to increase the number of Russian participants in aid programmes by encouraging greater involvement by the private sector and non-governmental organizations. These efforts should include assessment of potential for support from other traditional and new donors for implementation of IDA projects. One option here could be tri-lateral cooperation.

BOX 8.6. Russia in the global partnership for development: problems and prospects

In the 2005 Report on Human Development in Russia, the 8th Millennium Development Goal, 'Develop a Global Partnership for Development' was adapted to Russian conditions. Russia's participation in global partnership for development must correspond to Russia's national interests and must:

- Create favorable international conditions for removing domestic obstacles to human development and achievement of MDGs inside Russia;
- Give priority to solution of those global problems, manifestations of which inside Russia are particularly sensitive and damaging for Russia;
- Gradually increase Russia's contribution to international development programmes as a donor nation.

Becoming a donor nation in international development programmes is not a goal in itself for Russia. It should not be regarded as a 'philanthropic pursuit' that has nothing to do with the country's own national interests. What is at stake is that Russia should accumulate significant resources to be able to exert a positive influence on external conditions for its own socio-economic development. Russia, like many other developed nations, does not have many other options for improving its own external environment, which to a large extent depends on the condition of the poorest nations, which create many of the global problems faced by the international community today.

In the past five years Russia has demonstrated in practice that it can achieve MDGs without external borrowing. After 2005 the Russian Government announced several priority national projects in healthcare, education, housing and agriculture, all of which were directly linked to the adapted MDGs. Implementation of these projects has helped Russia to successfully solve a number of MDG tasks, as evidenced by the information in the present Report.

The most important prerequisite for expansion of Russia's efforts in international development assistance is substantial improvement of the country's economic situation and sustainable economic growth, which would make it financially viable for Russia to expand its participation in IDA.

In the decade preceding and including 2008 Russia's economy grew at a consistently high rate. Real year-on-year growth of Russia's GDP was 7.7% in 2006, 8.1% in 2007, and 5.6% in 2008. The average annual economic growth rate in Russia in 2000-2007 was 7.0%, while the global average in the same period was just 4.0% (2.5% in the US, 2.0% in the Eurozone, 1.7% in Japan, and 3.3% in Brazil), although Russia's growth rate was lower than China's phenomenal 9.9% in the same period. Russia's industrial production grew by 6.3% year-on-year in 2006, by 6.3% in 2007 and by 2.1% in 2008.

In this period Russia managed to accumulate significant gold and foreign currency reserves (in the summer of 2008 they totaled USD 600 billion), the third largest in the world after China and Japan. A significant portion of revenues from sales of energy resources was spent on development of the national economy and improving living standards of the population. In February 2008, Russia used its stabilization fund to establish a Reserve Fund and National Welfare Fund. When they were established the Reserve Fund contained 783 billion rubles and the National Welfare Fund contained 3.05 trillion rubles. The country's capability to act as a donor nation was gradually expanding.

While in the past the central element in Russia's aid policy was the writing-off of debt provided by the USSR to third-world countries (as part of the Heavily Indebted Poor Countries initiative), it now became possible to provide aid in the form of grants to international funds and direct financial contributions to international development programmes. The issue of creating a national international development assistance system became relevant for Russia.

Russia maintained progress towards achievement of the nationally adapted MDGs while reducing its international debt and without new borrowing.

In 2009 debt of the former USSR was reduced by 30% over 2008, to USD 3.2 billion, which is a very low figure by all international and macroeconomic standards. As of January 1, 2010, debt to former socialist countries was a little more than USD 1.3 billion, while debt to other official creditors was a little more than USD 1.8 billion.

Russia's debts to the Paris Club of Creditors, i.e. the central banks and governments of foreign nations, have been almost fully settled. By late 2009 the share of Russia's debt to members of the Paris Club of Creditors that has not been restructured was USD 1,080.2 million and EUR 728.6 million.

In 2002-2006 Russia paid off most of the debt to private companies that supplied goods to the USSR.

Creditors were given the option of exchanging the Soviet debts for Russian IOUs to be paid off in 2010 and 2030. In the first round USD 1.28 billion of debt was exchanged and in the second round another USD 1.075 billion of debt was exchanged. By late 2009 the Ministry of Finance of the Russian Federation had completed exchange of the remaining debt of about USD 500 million.

The total amount of Russia's external debt in early 2010, including debt on external foreign currency loan bonds, was USD 38,036.4 million and EUR 25,655.2 million. Russia's debt represented 9.8% of its GDP.

Of the total debt as of January 1, 2010, USD 3.8 billion consisted of loans provided by international financial organizations, of which USD 3.2 billion was owed to the International Bank of Reconstruction and Development and USD 0.6 billion to other creditors. USD 1 billion consists of other loans, USD 19.8 billion are foreign currency securities, including USD 1.8 billion in Eurobonds placed through an open subscription and issued to restructure short-term ruble bonds (GKOs); USD 17.6 is in the form of Eurobonds issued to restructure debt to the London Club; USD 0.4 billion are external foreign currency loan bonds.

A government debt level equal to 60% of the GDP is generally considered relatively safe. However, Russian companies in full or partial state ownership have huge external debt, comparable with the country's total gold and foreign currency reserves, making the overall picture less rosy. Prior to the global financial and economic crisis, these companies owed a total of USD 500 billion. If this corporate debt is taken into account Russia's total debt as of January 1, 2010, was USD 469.7 billion. The figure as of January 1, 2009, was USD 479.9 billion, so there was a year-on-year decline of 2.1%.

The external debt of administrative regions of the Russian Federation in 2009 was USD 1.6 billion, of which USD 1.1 billion consisted of loans and USD 0.5 billion was ruble securities. Total external debt of monetary and credit regulatory authorities increased by a factor of five in 2009, reaching USD 14.3 billion. External debt of the banking system (not including stakes in share capital) decreased by 24.7% to USD 125.6 billion. Debts of other sectors increased by 6.4% to USD 299.8 billion. As of January 1, 2010, USD 52.3 billion of these debts were to direct investors, USD 229 billion were loans, USD 13 billion were securities, USD 2.9 billion were financial leasing obligations and USD 2.6 billion were other debts.

So in the past five years Russia has largely managed to eliminate its state debt. In the same period Russia has transformed itself from a recipient of international aid to a nation with average per capita income that makes it capable of achieving the MGDs without resorting to international loans and of participating in global partnership for development as a donor. The Russian experience in dealing with these problems represents the country's unique contribution to global partnership for development and may be of interest to other countries.

Expansion of Russia's available resources for providing international development assistance should be accompanied by development of foundations for a national policy in this sphere, definition of a long-term international development assistance strategy, and establishment of mechanisms and institutions for its implementation. Russia still lacks a specialized organization responsible for the development and implementation of IDA policy that would have the authority to coordinate activities of the country's ministries and agencies, private companies and other businesses, research institutes and civil society organizations operating in this field.

Many developed nations that have been providing international development assistance for many years not only have such special organizations but have accumulated much useful experience in the field, which Russia should study before establishing its own IDA structures.

Russia has not yet developed a national strategy that would successfully combine national development priorities with assisting international development and addressing the global problems that have direct or indirect impact on achieving international and national development goals. These problems cannot be resolved successfully through reactive measures and short-term budget planning.

Unsystematic use of development assistance funds provided by the Russian federal budget has meant that desired economic and social effects in recipient countries have not been achieved, which has had negative impact on Russia's economic and political interests. Russia is the only country in the G8 whose laws and governmental decrees do not use the term 'official development assistance'.

It has become increasingly obvious that serious conceptual strategy design is required for Russia's long-term participation in global partnership for development, establishing detailed links between

the strategy and Russia's national interests, plans for the country's socio-economic development and the creation of favorable conditions for Russian businesses. An important step towards solving this problem was signing by the President of Russia of the Concept for Russia's Participation in International Development Assistance on June 25, 2007, which should ensure a systematic approach by federal agencies to international development assistance.

The positive trends in achievement of the Russian versions of MDGs and in the country's socio-economic development, and the fact that Russia has become a donor nation are evidence that the course of actions pursued by Russia represent an effective path to integrating international development assistance programmes with plans for current and future national development. The latter tasks could have been achieved in the next few years, but for the global financial and economic crisis, which has had significant adverse impact on Russia's economy due to its increasing integration with the global economy. In 2009 Russia's industrial production dropped by 10.8%. Direct investments in Russia's economy were down 41% year-on-year, dropping to USD 15.9 billion. In 2008 direct investments in the Russian economy were a little more than USD 27 billion, down by 14.2% from the level of the previous year. Total foreign investments in the Russian economy in 2009 were USD 81.9 billion, which was 21% less than in 2008.

Russia had maintained a federal budget surplus since the turn of the century and up until the global economic crisis. In 2009, as the economic crisis hit, Russia's federal budget experienced a deficit of 2.427 trillion rubles. In 2009 budget revenues were 13.46 trillion rubles, which was 2.6 trillion rubles less than the year before. At the same time expenditures grew from 13.992 trillion to 15.847 trillion rubles.

The resulting budget deficit is having negative impact on expansion of the resources that Russia can use in global partnership for development as an international development donor. The country's international reserves were significantly reduced as the country scrambled to cover the budget deficit, finance planned social expenditures, and to refinance corporate debt using the Government's Reserve Fund.

In December 2009 Russia's international reserves decreased to USD 439.034 billion. Reserve assets in foreign currencies as of January 1, 2010, were USD 398.871 billion, special drawing rights grew to USD 8.901 billion, and the country's reserve position at the International Monetary Fund was USD 1.927 billion. Russia's stocks of monetary gold reached USD 22.382 billion, while other reserve assets decreased by a factor of almost 2.6 from USD 18.052 billion in November 2009 to USD 6.954 billion. Russia's reserves of hard currency dropped by 31% from USD 600 billion in summer 2008 to USD 413 billion by September 2009. Some of the reserves were used to help Russian companies pay off their debts.

Russia's Reserve Fund, which is intended to cover the federal budget deficit and for other anti-crisis purposes, decreased by 18% in December 2009. The National Welfare Fund remained at the same level. At the beginning of 2009 Russia's Reserve Fund contained 4.028 trillion rubles (USD 137.09 billion) while the National Welfare Fund contained 2.584 trillion rubles (USD 87.97 billion). By the end of the year the Reserve Fund had decreased by 2.198 trillion rubles or 55%, while the National Welfare Fund had shrunk by 185 billion rubles or 7%. If the crisis continues Russia may completely exhaust its Reserve Fund in the next 1-2 years.

Russia's capabilities to assist international development as a donor nation will depend for the most part on trends in the country's economy. There are different scenarios for how the economy may fare in the next 10 years. Unfortunately, none of them views a policy of international development assistance as means of promoting economic growth in Russia. However, the experience of leading nations in this field clearly demonstrates that such an approach is not only possible, but is a prerequisite for ensuring that IDA measures become integral to helping Russia secure its national interests. Until this link becomes conceptually coherent, the process of developing a national system for international development assistance in Russia and formulating a long-term IDA strategy is bound to have serious failings.

Overall, the MDG ideology has been successfully implemented in practice through a series of national projects, which have enabled Russia to make significant progress and helped ensure the presence of a social element in the reform process. This gives grounds for optimism that, as the negative impact of the global economic crisis is overcome, the chosen course of transformation will be resumed. The rate of progress in MDG achievement, settlement of most of the country's international debt, transformation of Russia into an international development donor, and development and approval of the Concept for Russia's Participation in International Development

Assistance encourage us to suggest that an updated set of indicators should be used in coming years for monitoring the process of Russia's transformation into a full-fledged participant in the global partnership for development.

An important indicator for monitoring Russia's progress towards MDG 8 under the new conditions is the country's success or lack thereof in overcoming negative consequences of the global financial and economic crisis, and in particular, the achievement of pre-crisis growth rates of GDP and industrial production as well as elimination of the federal budget deficit. It is obvious that unless these problems are successfully tackled Russia will not be able to expand its participation in international development assistance in any meaningful way. Ensuring a surplus in Russia's federal budget will also play an important role in replenishing the country's resources available for participation in international development assistance. So the federal budget surplus can be used as one of the indicators of Russia's progress in achieving MDG 8.

Prof. Lev S. Voronkov, Dr.Sc. (History)

CHAPTER 9.
MILLENNIUM DEVELOPMENT GOALS AND RUSSIAN REGIONS

Indicators of the Millennium Development Goals (MDGs) for Russian regions were first analyzed in the Human Development Report for 2005. That analysis demonstrated major differences and very mixed trends between MDG indicators for different regions in the 1990s and early 2000s. This is hardly surprising, as the country went through a serious socio-economic crisis at that time. A period of steady economic growth in Russia began in 1999 and continued until the Fall of 2008. We will look at how MDG indicators changed over this period and how they have changed since publication of the last MDG report. Regional statistics allow us to compare indicators for the period up to and including 2008 (regional statistics become available later than those for Russia as a whole). What was the quality of economic growth and what effect did it have on human development and efforts to deal with social problems in the regions?

9.1. Regional MDG indicators

As in the previous Report for 2005, for purposes of our analysis we have used MDG indicators adapted for Russia and for the specifics of the country's regional statistical services. Some of the MDGs and indicators, such as achievement of universal primary education **(Goal 2)** and elimination of gender disparity in primary and secondary education, are irrelevant for Russia and its regions, so we will not consider them here. In addition, not all of the statistics, which are calculated for Russia as a whole, are calculated for individual regions. There are only 16-17 indicators that coincide with or are close to the international MDG indicators (see the Attachment). Statistical information for the Goals of eradicating extreme poverty and developing a global partnership for development are particularly wanting. Nevertheless, available indicators together with the Human Development Index for Russian regions allow us to pinpoint the most critical development issues and possible ways of overcoming them.

Goal 1. Eradicate Extreme Poverty. Trends of indicators for this Goal were mixed. The most positive trend was halving of poverty between 2000 and 2008. This resulted from economic growth, a significant increase in wage levels, especially in low-paid industries, and improved social support. In 2000 the poverty rate was over 20% in all regions except for the two autonomous districts of Tyumen Region specializing in extraction of oil and natural gas. By 2008 there were only 14 regions with poverty rates over 20% (17% of the total number of regions in Russia). There was also an increase in the number of regions with less than 10% of the population below the poverty line: the two autonomous districts of Tyumen Region, which have traditionally shown the best statistics thanks to high personal incomes and fat budgets, were joined by Tatarstan and Moscow region. In the city of Moscow the poverty level fell by 50% (from 24 to 15%) between 2000 and 2008 thanks to rising incomes and social support measures. However, the number of people in Moscow below the poverty line remains very high at 1.2 million. Despite the significant decline in poverty rates, the share of poor people remains very high in some underdeveloped and depressed regions (33-38% in the Republics of Tyva and Kalmykia, and 24-25% in the Republics of Adygeya and Mari El, Kamchatka Territory and the Jewish Autonomous Region).

The MDG poverty indicator is the level of extreme poverty, measured as the percentage of the population with income less than half the official subsistence level or as the percentage of the population with per capita income not exceeding $2.15 per day at purchasing power parity. Trends in numbers of people in extreme poverty in Russia cannot be followed, because no data are published.

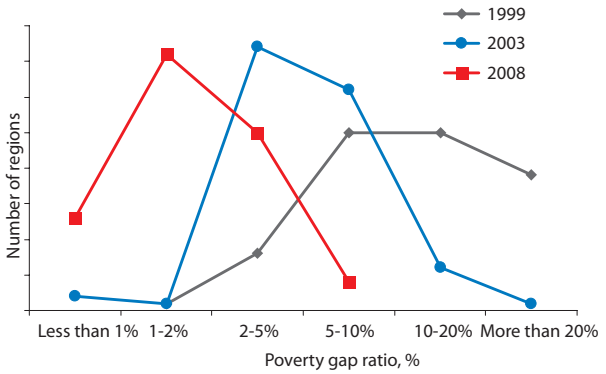
The other positive trend mentioned in the 2005 report was continued narrowing of the poverty gap ratio. This indicator measures the share of total income of the population of a country or a region, which would be needed to completely eradicate poverty by raising incomes of the poor to the subsistence level. The ratio is calculated as the ratio of total income deficit of the population living below the poverty line to total income of the entire population (see Chapter 2). The gap shrank fastest for the country as a whole –from 6.8 to 2.6% – in the first years of economic growth (1999-2003), and then diminished to 1.2% by 2008. There was also a significant drop in this ratio on the regional level: in 1999 there were only nine regions in the whole country where the poverty gap was less than 5% of total personal incomes in the region, while by 2003 there were already 40 regions (about half of the total) with figures below 5%, and by 2008 the vast majority of regions (74) had reduced their poverty gap ratios to below 5% (Figure 9.1). In more than half of Russia's regions the poverty gap ratio was below 2% by 2008, reflecting a growth of inequality, which can be seen as the price for resolving the poverty issue. The largest poverty gap ratios were in underdeveloped

regions such as the Republics of Kalmykia, Ingushetia and Tyva (7-8%).

The third MDG indicator is income of the poorest quintile (20% of the population with the lowest income) as a percentage of total income of the population. This is one of the indicators that show inequality. An increase in inequality is typical of countries with transitional economies, including Russia: in 1990 the poorest 20% of Russia's people accounted for 9.8% of the country's total personal income, but the figure had declined to 6% by 2000-2003 and 5% by 2008. The share of the poorest quintile in total personal incomes is approximately the same in most regions (5-6% in 2008). The indicator is at lowest levels in the richest regions – Moscow and oil and natural gas extracting regions, – where the poorest quintile accounts for only 3-4% of total personal incomes (Figure 9.2).

During the economic growth of 2000-2008 income inequality increased in almost all regions of the country. Only the richest (and most unequal) regions, Tyumen with its autonomous districts and the city of Moscow, were able to resist this process thanks to sufficient budget resources for large-scale support of the poorest social groups and for increasing salaries in budget-funded sectors ahead of inflation. Russia's other regions do not have the financial resources to implement similar

Figure 9.1. Distribution of regions by poverty gap ratios (excluding autonomous districts and Chechnya)



social policies on a comparable scale, so the negative trend of income polarization will continue in the future. It will only be interrupted by economic upsets, which have negative impact on all social groups.

Growing inequality is also reflected by the fund ratio, i.e. the ratio of income of the 10% of the population with the highest income to that of the 10% of the population with the lowest income. The national average value of this indicator increased from 14 to 17 times in 2000-2008, as rise of average income in regions was accompanied by rise in inequality. Moscow, which has the highest fund ratio, was the only region where

Figure 9.2. Share of the lowest quintile (20% of the population with the lowest income) in total personal income, % (regions by federal districts)

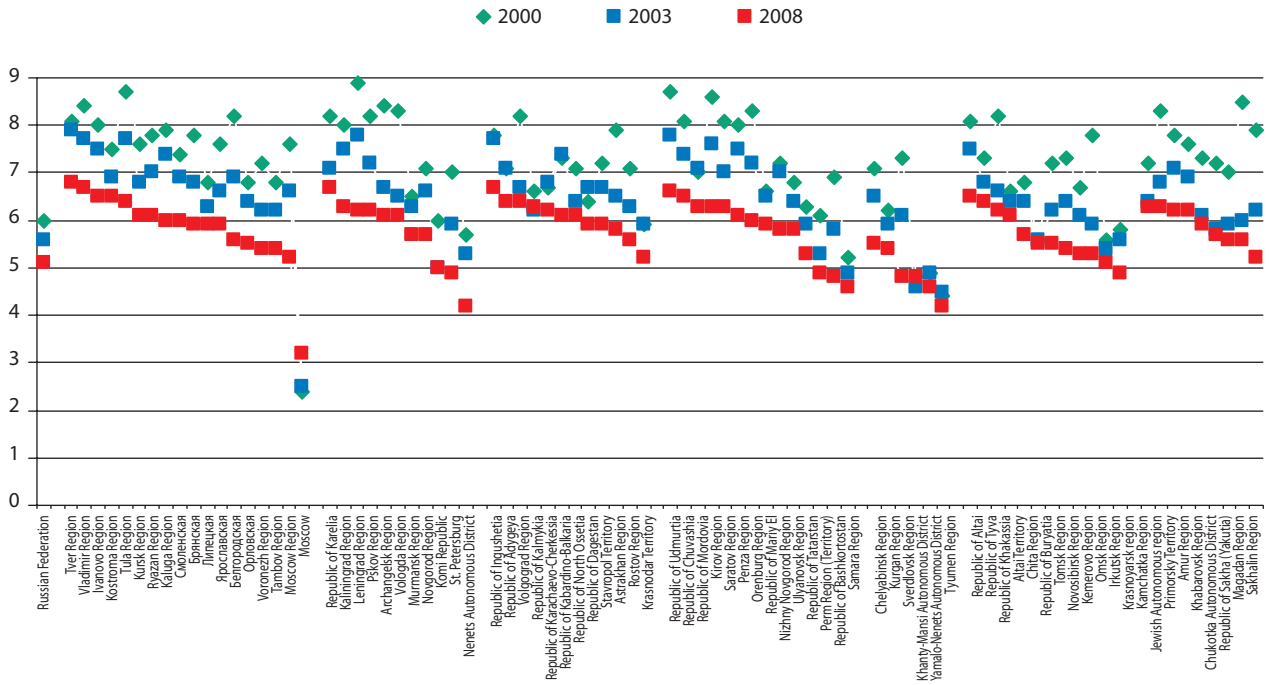
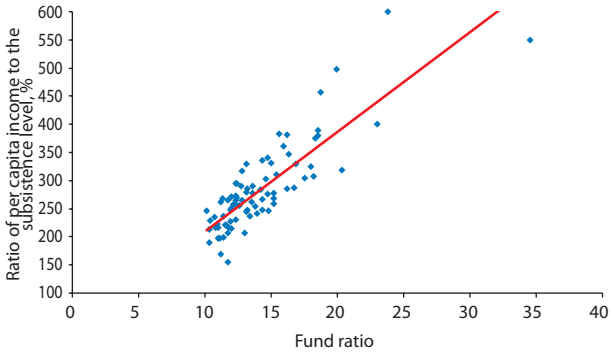


Figure 9.3. Distribution of regions by the fund ratio (income of the richest 10% to income of the poorest 10%) and the ratio of per capita income to the subsistence level, 2008



the ratio actually decreased, from 52 to 35 times. Next highest levels of the ratio, after Moscow, are in the main oil and natural gas producing regions (19-23 times). There is an almost direct correlation between income inequality as measured by the fund ratio and the level of per capita income adjusted in accordance with the regional subsistence level (Figure 9.3). Thus, various inequality indicators confirm a rise in inequality during the period of economic growth. This reflects very uneven distribution of the fruits of economic growth and revenues from high oil and natural gas prices among various social groups, both on national and regional levels. The rich got richer while the poor got relatively poorer. The problem is made worse by the fact that the country's welfare system is not designed to provide support to the poorest social groups and is not efficient enough.

Goal 3. Promote gender equality and give more rights to women. As noted above, gender-related problems in education are not characteristic for Russia. 57% of all graduate and post-graduate students in Russia are females and the picture across regions is little different. Employed women tend to have a higher level of education than men on average.

Gender differences in employment are not great. In the majority of regions the percentage of males in the workforce is consistently higher because males retire later. Larger prevalence of males is characteristic only of Northern and Far Eastern regions specializing in extraction of mineral resources. Almost total gender equality in the workforce is typical of the older regions of Central and North-Western Russia, marked by long-term depopulation trends, as well as the federal cities (Moscow and St. Petersburg). Slight prevalence of women is only found in some underdeveloped regions in the East of the country, where women are employed in budget-funded sectors, while many of the men are self-employed as reindeer breeders, hunters, etc., and therefore not counted in official gender employment statistics. The MDG uses the ratio of women in the total number of people employed in the non-agricultural sector as its indicator for measuring gender inequality, but this ratio is not very helpful in assessing gender-related problems in the Russian labor market. In Russia, the majority of people employed in agriculture are males (60%), while women tend to dominate in the non-agricultural sectors in practically all Russian regions except for a handful of Northern and Far Eastern territories specializing in the extraction of mineral resources.

According to labor market statistics (gathered and interpreted using the methodology of the International Labor Organization), feminization of unemployment is also not an issue for Russia, with the level of unemployment higher among men throughout the 2000s. Men are usually unwilling to take low-status and low-paid jobs while women tend to accept less favorable working conditions more readily. An obvious gender inequality can only be seen among the registered unemployed: women make up 65-70% of the registered unemployed in practically all regions. Most unemployed men are discouraged by low unemployment allowances offered by employment centers, and use other methods of job-hunting instead.

Gender problems in Russia take other forms. All the regions have deeply rooted gender disparity between different sectors. Budget-funded education and healthcare, as well as several other service-providing sectors, remain predominantly female and relatively low-paid, even though salaries in these sectors increased significantly in the 2000s, while male employment prevails in the high-paid mineral resource industry and in high-status positions in other sectors. For this reason, Russia still has a marked gender difference in wage levels. In recent years Russian women have been earning about 63-64% of the average wage earned by men. However, such marked differences are not evident in all regions. The 2005 Report showed that the lower the average income in a region, the lower the disparity between average male and female incomes. Women in depressed, predominately agrarian and underdeveloped regions earn approximately as much as men, which amounts to 'equality in poverty'. Significant gender differentiation in economically developed regions is

mainly due to the fact that these regions are dominated by industries specializing in extraction and export of mineral resources, which employ predominately men. The capital city and, more recently, St. Petersburg are the only places where modernization of gender roles has been smoothing disproportions, due, among other things, to high levels of education among the workforce (over 40% of the employed population in the federal cities have graduate degrees).

Gender inequality in wages increased in 60% of the country's regions during the 2000s. This trend can be seen in the majority of Central and Southern regions where income inequality between men and women has been rising together with average wages. Income inequality has also been on the rise in regions along the Volga River and in the resource-addicted regions of Siberia and the Far East (Figure 9.4). A trend towards more equal wages has only been seen in Moscow and, more recently, in Moscow Region. Leveling of salaries in Moscow slightly improves the situation in the Central Federal District as a whole. There was a moderate drop in wage inequality between the sexes in the Urals Federal District thanks to trends in Tyumen Region and its autonomous districts. The large budgets of Russia's wealthiest regions allow them to give significant salary raises to their public employees, the majority of whom are women. However, most regions have much less affluent budgets and have seen no noticeable decline in gender-based income differences.

Income inequality between the sexes and inadequate modernization of gender roles also has a political projection. Very low representation of women in regional legislative bodies is a defining feature of modern Russia. While nobody disputes the fact that women need to take a more active role in state and municipal governance and in politics in general, gender inequality in access to the political decision-making process has hardly changed at all in practice. The percentage of women in regional legislatures only grew from 9 to 11% in 2002-2008, although there was an increase in representation of women in local legislatures, and the number of regions with no women in their legislative bodies went down threefold, while the number of regions with less than 5% of female legislators halved (Figure 9.5). Positive changes take a very long time. In 40% of Russia's regions political representation of women in local legislative bodies remains extremely low (less than 10%). Even in the most developed regions with ample resources and a high level of education among the population, elected legislative bodies had very low percentages of female

Figure 9.4. Ratio between average wages of women and men in federal districts and some regions of the Russian Federation, %

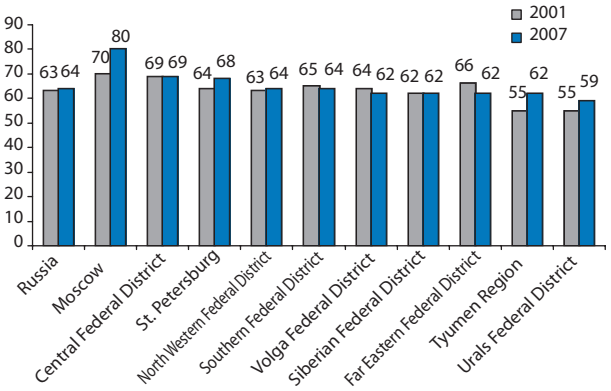
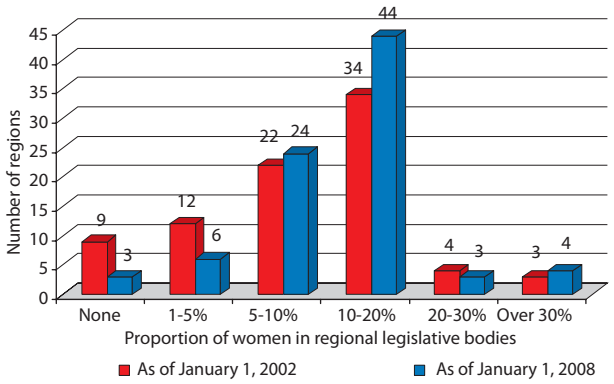


Figure 9.5. Distribution of regions by percentage of women in their legislative bodies



legislators (5% in Novosibirsk and Omsk Regions, 2% in Chelyabinsk and Perm Regions). Some regions in the Far East (Amur and Magadan Regions) as well as Penza Region were notable for total lack of women in their legislative bodies.

Goal 4. Reduce child mortality. The recent trend in infant mortality demonstrates that social problems in Russia can be successfully addressed. The infant mortality rate has been declining since the mid-1990s, and this trend has been the most consistent and positive of all the MDG indicators. The multiplicative effect was achieved by two factors: modernization of procreative behavior and the introduction of modern family planning methods since the 1990s, and increase of state investments in healthcare during the economic growth of the 2000s. There has been a significant growth in the number of regions with low infant mortality rates. In 2000-2002 there was not a single region in Russia with an infant mortality rate below 8 per 1000 live births, while by 2006-2008 the infant mortality rate was 8

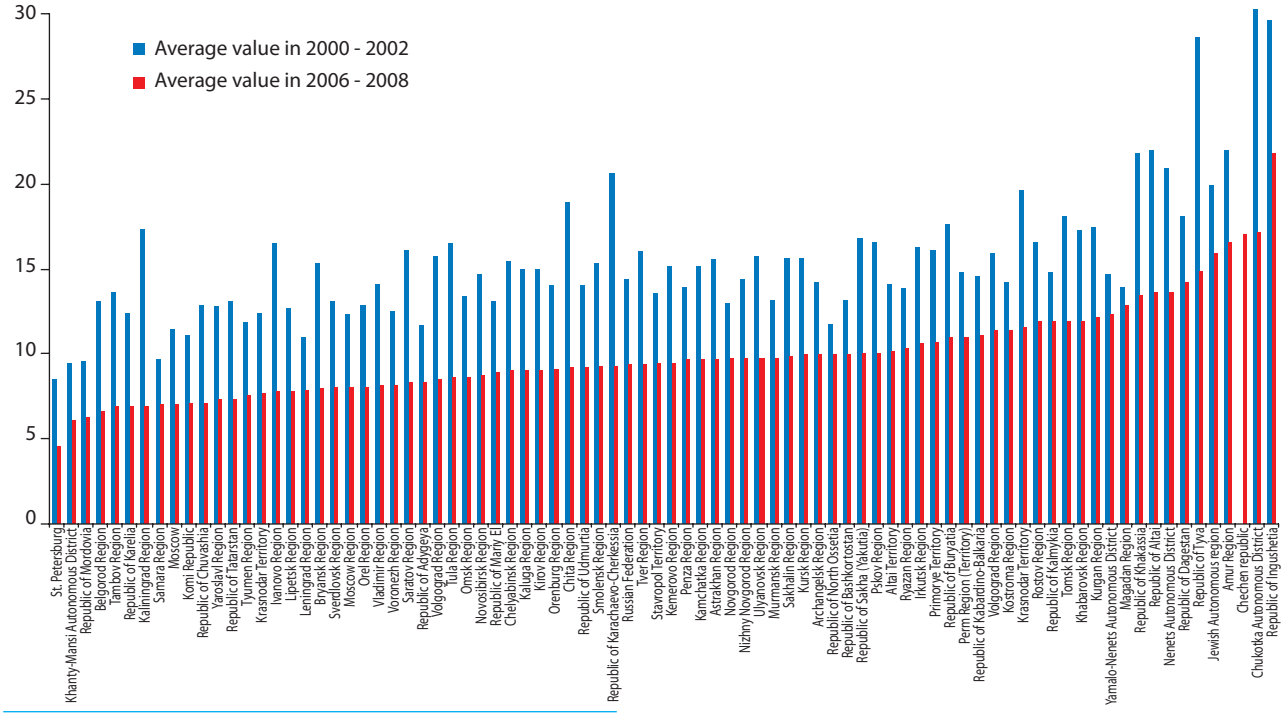
per 1000 or below in every fifth region of the country (Figure 9.6).

The lowest infant mortality rates are in St. Petersburg, the Khanty-Mansi Autonomous District and Belgorod Region. In these and some others regions, modern perinatal centers have been set up, healthcare expenditure per person is higher than in other regions and more territories have easy access to medical facilities. In Moscow the infant mortality rate is higher, even though the city has all of the advantages mentioned above to a greater extent than any other region. The problems in Moscow are a bad environmental situation, and the added stresses of life in a huge city with high concentration of migrants on low incomes and unresolved housing problems. Obviously, none of these problems can be dealt with by investments in healthcare alone.

Infant mortality rates remain high in North Caucasian republics[1] (Ingushetia, Chechnya, Dagestan) and in the south of Siberia (Tyva and Altai). Infant mortality is also higher in Northern regions with a large percentage of indigenous population (Chukotka and Nenets Autonomous Districts). In general, infant mortality tends to be higher in remote and underdeveloped regions with lower availability of medical services: of the 15 regions with the highest infant mortality rates, 11 are located in the Far East and Far North.

During the 2000s best progress in reducing infant mortality was achieved in regions that are far from being most successful in other areas. Kaliningrad, Ivanovo and Tambov Regions and Trans-Baikal Territory achieved a twofold reduction in infant mortality while the average reduction for Russia was one third. The regions with a modest decrease in infant mortality are even more varied and include underdeveloped republics such as Dagestan, Kalmykia and North Ossetia, the wealthy Yamalo-Nenets Autonomous District, as well as some Eastern regions, which are suffering large-scale depopulation (Magadan Region). Each of these regions has its own set of problems that prevent it from achieving a significant reduction in infant mortality (marginalization of local indigenous populations, obsolete lifestyles, low income, widespread poverty, etc.). None of these problems can be tackled by the healthcare system alone, and coordinated efforts by

Figure 9.6. Infant mortality in Russia's regions (per 1000 live births; rates are averaged over three years due to instability of annual rates by region). The red bars show the average for 2006-2008 and the blue bars show the average for 2000-2002



[1] Infant mortality statistics for the North Caucasian republics are incomplete and many Russian demographers believe that actual rates are higher than the statistics suggest.

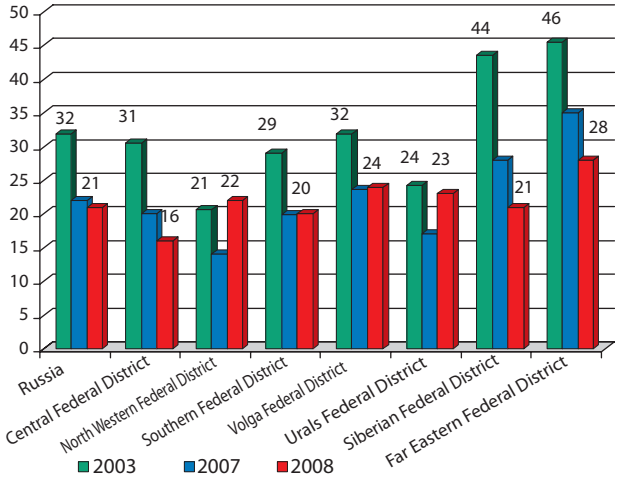
all social institutions are needed to achieve further reduction of infant mortality in Russia's regions.

Another indicator used by MDGs is mortality among children below five years of age. In general, child mortality across the regions is similar to infant mortality, but this statistic better reflects differences in availability and quality of medical services, as well as the level of immunization of children in the regions. Decline of child mortality in 1994-2008 was closely linked to an increase in state social expenditures, and improvements in preventive treatments and vaccination of children. However, differences in availability and quality of medical services between cities and rural areas cause the mortality rate for children aged between 1 and 4 in rural areas to be twice the rate for urban areas. Regions with predominantly agrarian economies and underdeveloped regions have child mortality rates that are 2-3 times higher than in major cities.

Goal 5. Improve maternal health. Maternal mortality fell from 32 to 21 per 100,000 live births in 2003-2008, and maternal mortality has more than halved in Russia compared with the Soviet period. However, maternal mortality among the rural population still exceeds that of urban population by 75%, which points to problems with availability of maternity wards in rural areas. Regional differences in maternal mortality reflect the same problems of availability. Maternal mortality has always been lower in European Russia for a number of objective reasons: better climate and higher availability of medical facilities due to greater population density and greater number of cities. Improved living conditions are another important factor reducing maternal mortality, with the exception of northern regions. The Far East and Siberia have displayed the worst maternal mortality figures, especially in underdeveloped republics.

Maternal mortality figures have decreased over the past five years as has the number of regions most affected by the problem (Figure 9.7). The most positive trends have been in Siberian and Central Federal Districts, where maternal mortality has been halved. The most significant contribution to decline of maternal mortality in the Central Federal District was from Moscow, where the indicator decreased from 26 to 16 per 100,000 births. Improvements in the Far East were slower, while the Urals and North-West actually saw a rise in maternal mortality in 2008 as more mothers died in St. Petersburg (increase from 12 to 17) and

Figure 9.7. Maternal mortality per 100,000 live births by federal districts



northern regions, as well as in the Sverdlovsk and Tyumen Regions. Regional differences decreased over the five years. In 2003 maternal mortality in the worst regions (130 per 100,000 births in Tyva and the Jewish autonomous region) was 4 times the average for Russia, while in 2008 the worst figures (59-66 in Murmansk Region and the Khabarovsk Territory) were only 3 times the national average. However, more funding and more focused management efforts are needed in order to achieve sustained reduction of this MDG indicator.

Goal 6. Combat HIV/AIDS, malaria and other disease. Unlike infant and maternal mortality, the incidence of social diseases continues to increase overall. These diseases are an indicator of social inequality, inadequate living standards and poor quality of life.

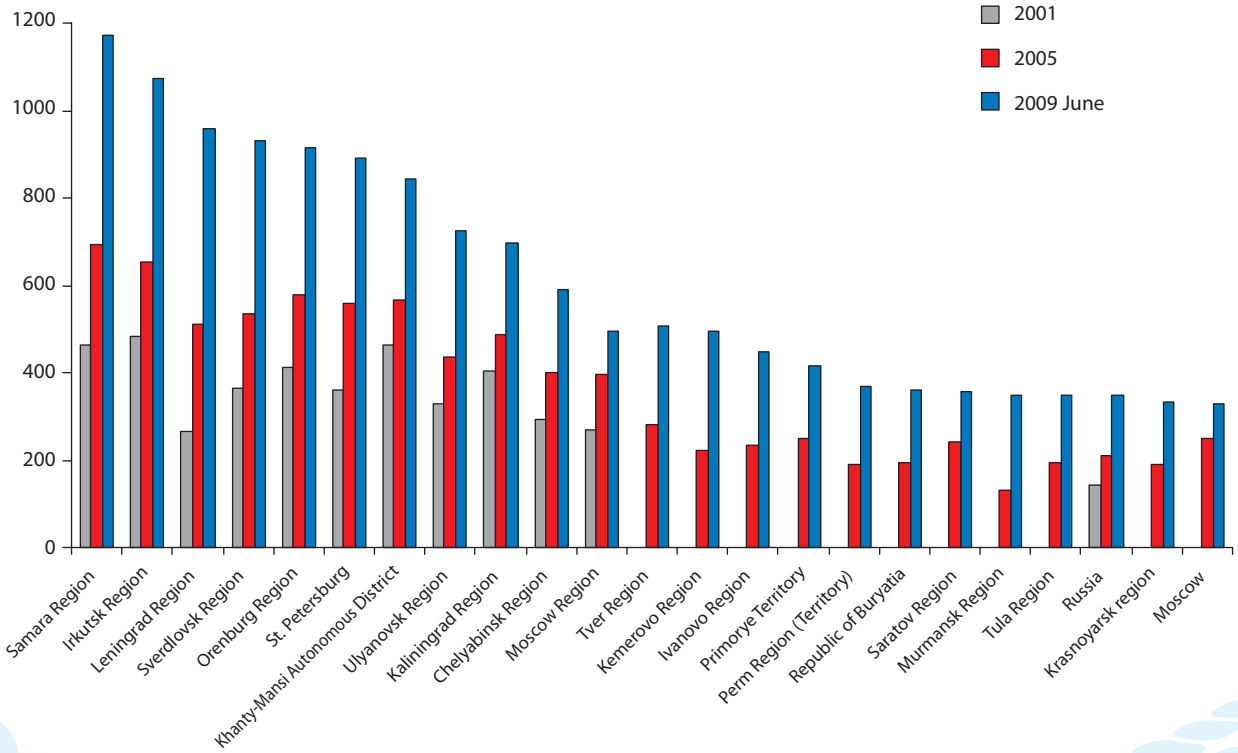
The problems faced by Russia have already been addressed in previous development reports. The MDG uses the number of children born to HIV-positive women, but regional statistics for this indicator are unavailable. The regional analysis uses instead the number of HIV-positives per 100,000 people. The spread of HIV across Russia gathered pace in the late 1990s, especially in major cities, oil and natural gas extracting regions and other exporting regions, and cities with high per capita incomes along the Volga river, the Urals and Siberia. Later HIV/AIDS began to spread to neighbouring regions. HIV/AIDS affected the younger populations in the richer territories due to the spread of drug use. In 2009 the highest

incidence of HIV/AIDS was registered in Samara, Irkutsk, Leningrad and Sverdlovsk Regions (Figure 9.8). HIV/AIDS is spreading at a very fast pace: in 2009 the total number of HIV-positives in Russia increased by a factor of 1.7 compared with 2005, and in the worst affected regions the incidence of HIV/AIDS increased by a factor of 1.5-1.9. Slowdown in the rate of spread of the infection has only been seen in Moscow, Moscow Region and Kaliningrad Region, which was among the first places to be affected by the problem (slowdowns in these regions has been in the order of 1.3-1.4 times). Spread of HIV/AIDS cannot be combated effectively by medical or punitive measures alone: positive lifestyle changes need to be encouraged throughout society.

The incidence of tuberculosis increases from west to east and is at highest levels in Siberia and the Far East, where living conditions are generally worse than in the west of the country. The situation is particularly acute in the Republic of Tyva, where there are 240 cases of TB per 100,000 people, due mainly to poverty and deterioration of the local TB prevention system. The situation is also alarming in the southern part of the Far East, Kemerovo Region (dependent on the mining industry) and Siberian regions bordering with Kazakhstan. Economic growth has not had sustained positive impact on incidence of TB. From 2003 the number of newly diagnosed cases began to decrease in European Russia, where the TB epidemic is less acute and better controlled. However, TB figures in the Central and Volga Federal Districts began to increase once more towards the late 2000s, while rise in the number of TB cases in the Far East has never stopped (Figure 9.9).

In 2000-2005 the tuberculosis mortality rate continued to rise in all the federal districts except the Central Federal District. In the worst affected eastern regions (Tyva and the Jewish Autonomous Region) as many as 60-75 people per 100,000 have been dying from TB every year. One reason for the high mortality rate is the spread of multiple drug resistant forms of TB and late diagnosis. In 2006-2008 a reduction in TB mortality rates was achieved in all federal districts. However,

Figure 9.8. Regions with the highest numbers of officially registered cases of HIV/AIDS per 100,000 people between 1987 and 2009 (figures of the Federal Scientific and Methodological Center for Preventing and Combating HIV/AIDS)



TB mortality rates remained very high in 2008 in the Republic of Tyva (82 per 100,000 people) and the Jewish Autonomous Region (62) due to their underdevelopment, remoteness and low availability of medical services.

Goal 7. Ensure environmental sustainability. CO_2 emissions, used as an indicator for this Goal, are not calculated for the regions, but environmental sustainability can be measured instead by regional figures for amounts of contaminants emitted into the atmosphere. Annual figures for regions are very unstable, so we took averages for 2002-2003 and for 2007-2008. The total amount of contaminants emitted by stationary sources in Russia grew by 4% between these two periods. The largest growth was seen in regions specializing in extraction of oil and natural gas (by a factor of 5 in the Nenets Autonomous District, by 30% in Yamalo-Nenets Autonomous District, and by 25% in Orenburg Region) as well as in the other industrially developed regions (Kemerovo and Irkutsk Regions each saw 20% increases). Significant decline of emissions was only observed in major cities (by 22-25%) and in Perm Territory, but the main sources of emissions in the largest agglomerations are motor vehicles, which are not included in these figures. As in the past, regional governments tend to regard environmental problems as being of secondary importance.

Access to safe drinking water and basic sanitation can be assessed indirectly through the availability of basic housing amenities (running water and sewerage). Availability of running water and sewerage is 2-3 times higher in urban areas than in rural areas. Differences between regions depend primarily on the level of urbanization and infrastructure. The worst figures are in the underdeveloped republics of Siberia and the North Caucasus, the Nenets Autonomous District, and some regions in Central and North Western Russia with a long history of underinvestment in infrastructure (Figure 9.10). However, availability of drinking water and basic sanitation is improving in almost all regions, albeit slowly.

There has been no progress during the last five years in dealing with the problem of run-down housing. Such housing is less than 3% of the total available housing in half of regions, but the share of very old and dilapidated property is much higher in underdeveloped republics and in eastern regions of the country (Figure 9.11). In the vast majority of regions where the situation was already bad, it deteriorated even further in the 2000s. Large-scale reduction of old and dilapidated housing was achieved only in Dagestan, but in all probability this was the result of creative statistics. Real reductions in a few regions (Kemerovo, Kaluga, Tyumen) were insignificant.

Figure 9.9. Incidence of tuberculosis (newly diagnosed cases) and tuberculosis mortality by federal districts

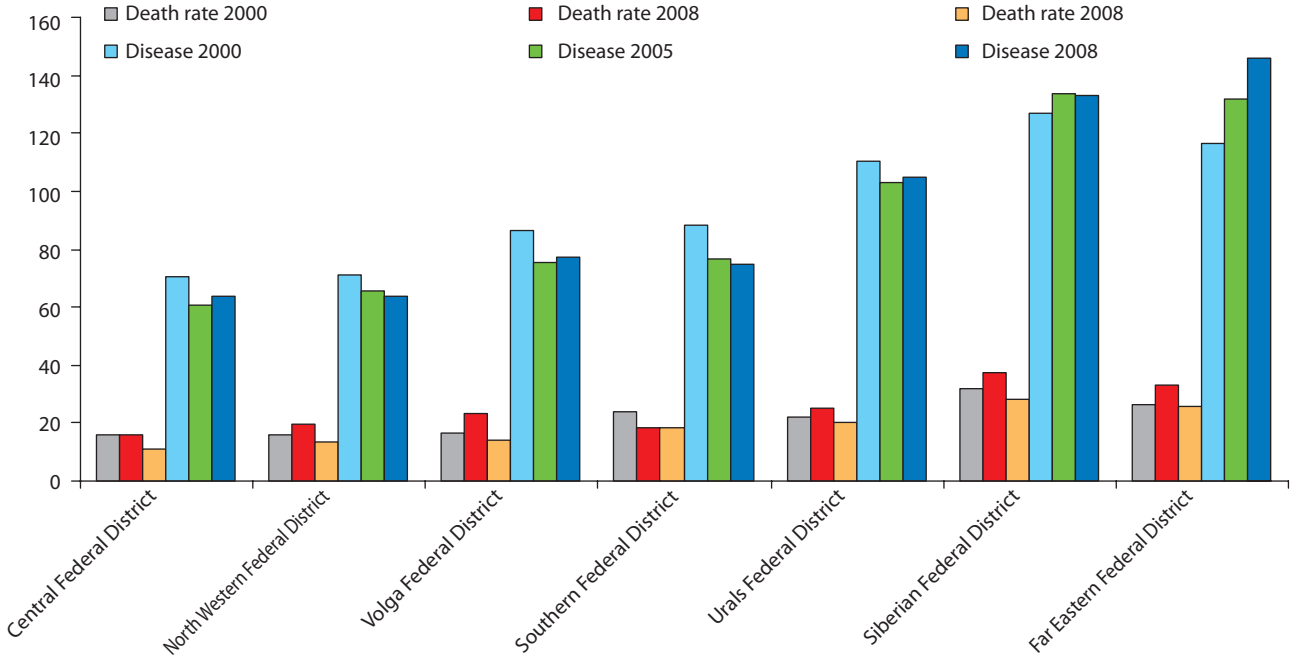


Figure 9.10. Regions with the lowest percentage of housing equipped with running water and sewerage, %

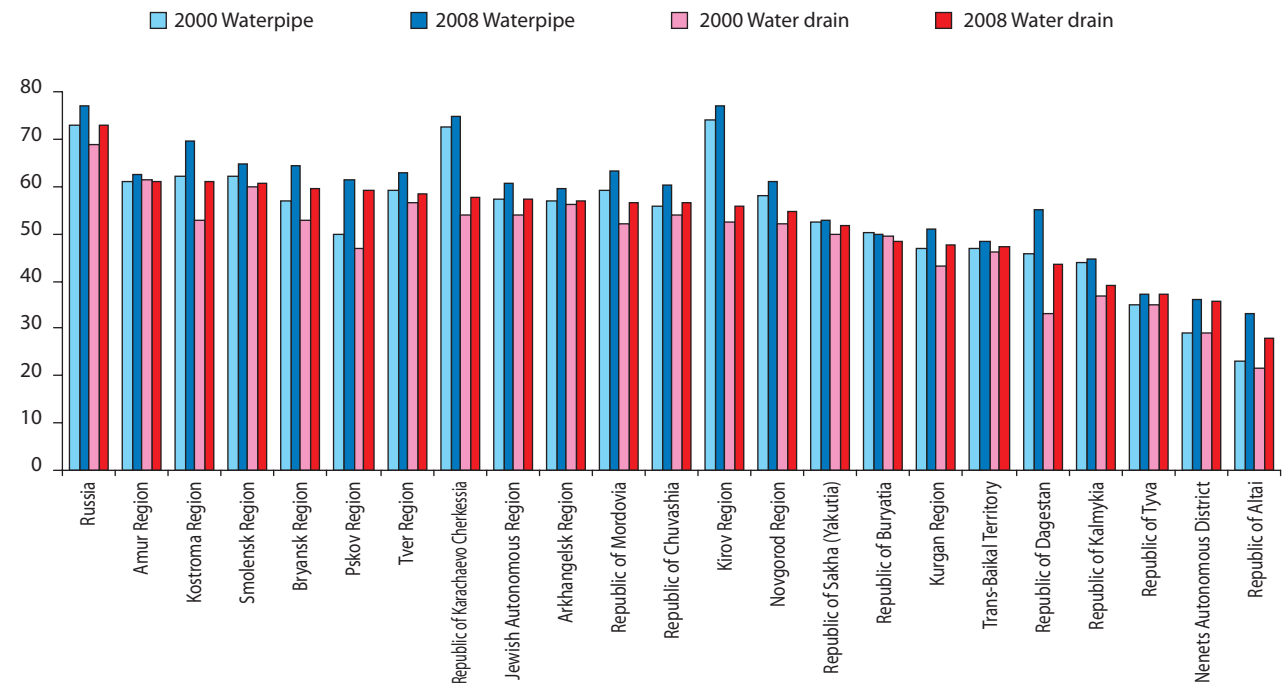
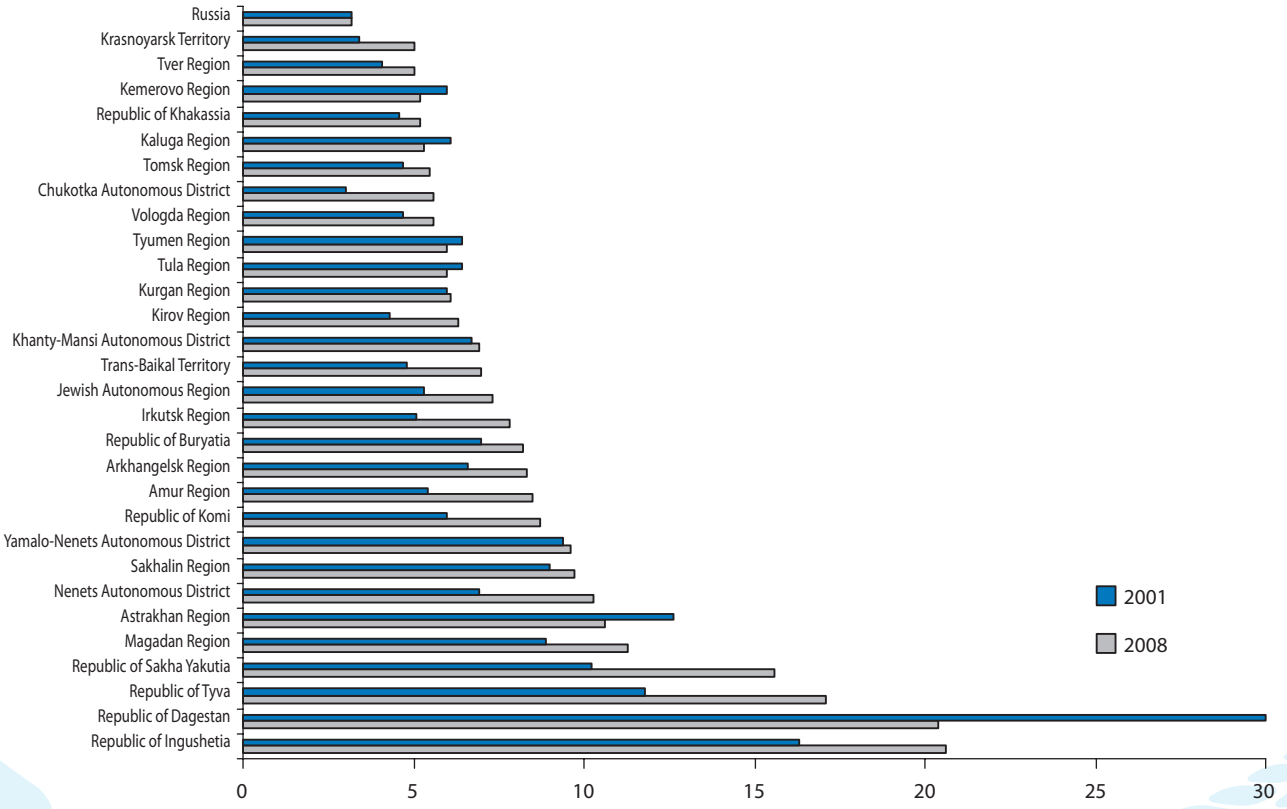


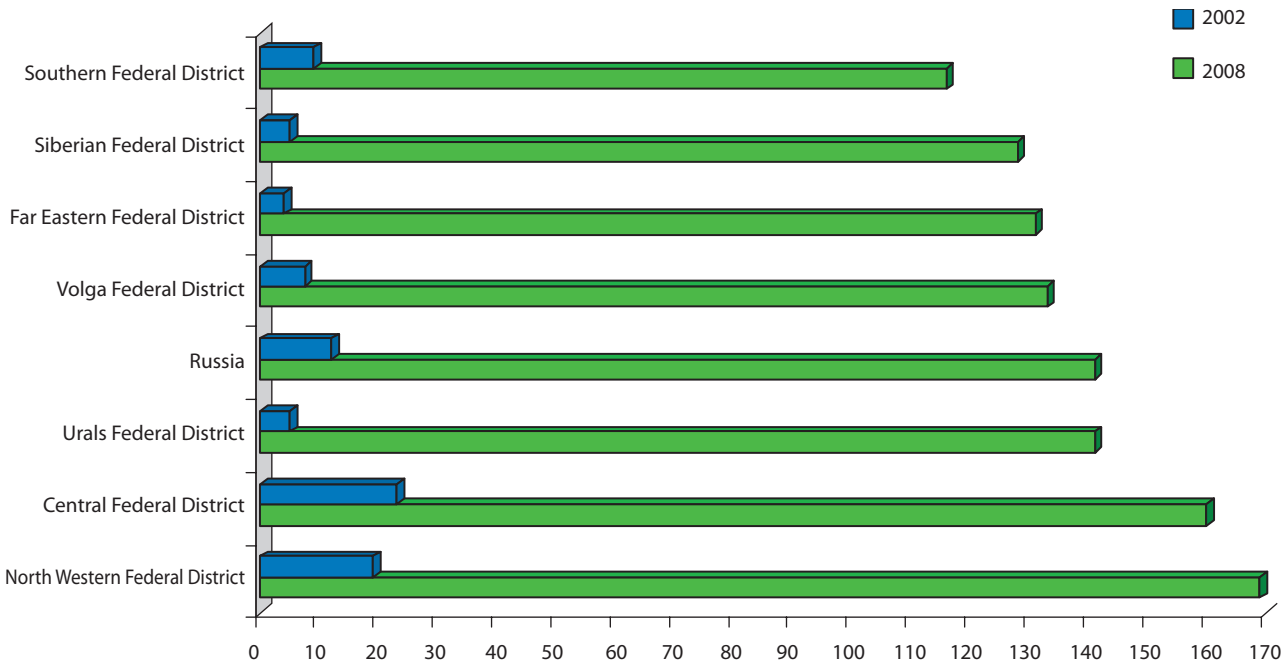
Figure 9.11. Regions with the highest percentage of old and dilapidated housing in their total available housing stock



Goal 8. Develop a global partnership for development. Russian regional statistics partially match only three of the indicators for this Goal. The level of unemployment among 17-24 year-olds shows how easy or difficult it is for someone with no previous work experience to find a job. In 2003 there were two groups of regions which had large young populations and insufficient jobs for them. The first group were the republics of the North Caucasus and Southern Siberia where the unemployment rate among young people was as high as 25-50% (statistics for Ingushetia are unreliable). The second group were northern and eastern regions with relatively large numbers of young people and economies based on extraction of mineral resources with very limited demand for labor. This second group included Khanty-Mansi Autonomous District, Kemerovo and Irkutsk Regions, and nearly all of the Far East (youth unemployment rates in this group were 20-30%). The problem of high unemployment among the young was only resolved in large cities with huge and constantly expanding labor markets. In Moscow and St. Petersburg the unemployment rate among the young was only a quarter of the national average and never exceeded 4%. Regional statistics for youth unemployment in 2008 are not yet available, but they are expected to be much lower than in the early 2000s, with the exception of republics where there is a glut of young people on the labor market.

Poor communications is a legacy problem stemming from the huge size of the country. Progress in addressing this problem has been particularly strong. Since 1990 the number of landline phones has increased by a factor of 2.5 in both cities and rural areas. Between 2003 and 2008 the number of landline phones grew by 20%. However, cities still have 2.4 times more landline phones than rural areas. There are also differences in provision of landline phones between cities: smaller cities tend to have less developed infrastructure and fewer landline phones. Lowest availability of landline phones is observed in the least developed republics (the number of phones in Chechnya is 1/26 of the national average, in Ingushetia the figure is 1/8, and in Tyva it is between a half and a third of the average for Russia). The number of phones in peripheral regions of Central Russia and in the majority of the regions of Southern Siberia and the Far East is also noticeably lower than the national average. Telephones are a necessity in remote rural areas, so provision in Far Eastern regions tends to be higher. The lowest figures are in Dagestan,

Figure 9.12. Number of registered cellular phones per 100 people by federal district



Tyva and Trans-Baikal Territory. But, even in regions with highest landline provision, only 80% of all households have landline phones and the figure for rural areas is 30% of households.

Development of cellular communications in Russian regions has been remarkable. Cellular penetration grew by an order of magnitude between the early 2000s and 2008 (Figure 9.12). Cellular communications initially took off in the country's largest metropolitan areas, in regions around cities with populations over one million and well-developed higher education, and in regions located on the sea coast and global trade routes. Cellular communications have spread through diffusion of innovation, covering the entire country in a matter of 6-7 years, including penetration of small and medium-sized towns and rural settlements. Only the remotest regions with very poor infrastructure (Tyva, Chukotka, Jewish Autonomous region, etc.) and some of the least developed republics of the North Caucasus still have relatively low cellular penetration (70-90%)

9.2. Regional development: Positive trends and unresolved problems

Analysis of the differences between regions and trends of main MDG indicators for 2003-2008 shows that changes in Russia's regions have been rather uneven. Positive changes include the very fast rate, at which new means of communications are developing and spreading from the center to the periphery. The number of cell phones per 100 people increased more than fivefold and indicators for backward regions closed the gap with leaders. The number of landline phones also continued to increase, but differences between various regions remained pretty much unchanged. Infant, child and maternal mortality rates continued to decrease in all regions thanks to increased state financing of healthcare and changes in people's lifestyles. There was also a noticeable decrease in difference between regions by these indicators, which is of paramount importance for social development. The country's economic growth in 2000-2008 helped to almost halve the income gap ratio, although this resulted primarily from rapid growth of total personal incomes rather than from a decrease in the income deficit of the poor. Reduction of differences in this indicator between regions represented a positive trend. The quality of housing grew, albeit very slowly, improving peoples access to safe drinking water and basic sanitation. On the whole, rapid economic growth and increased financial capabilities of the state led to positive changes for all regions, and there were improvements in main indicators both for more developed and problematic regions.

Some of the MDG indicators have shown mixed and contradictory trends. Absence of evident gender-based differences in employment in Russia and its regions is undermined by significant asymmetry in the kind of jobs and status that women have in the workforce. Gender inequality in pay remains very high: in 70% of regions it even increased during the period of economic growth, and this process was also common to less developed regions, which previously had less gender-based wage inequality. The conclusion seems to be that raising of low pay levels increases gender differentiation in wages. Gender-based disproportions only diminish when wages reach much higher levels: the affluent city of Moscow, with its huge pool of highly educated employees and supply of highly paid jobs, has seen a consistent decline in gender inequality. Moscow Region and wealthy Tyumen Region followed suit, but the trend towards reduction of wage inequality between men and women has not been consistent so far.

Trends in combating gender inequality in politics have also been rather mixed. On the one hand, the percentage of female representatives in regional legislatures increased somewhat in regions where female representation was previously zero or close to zero. However, increase of female representation in politics to 10% can hardly be regarded as an achievement. As the election system becomes more and more tightly managed, it is not difficult to increase the number of women elected to regional legislative bodies, but even in these conditions progress has been extremely slow. The goal of equal representation for women in politics is not strongly demanded by Government or society in Russia.

Trends in the incidence of tuberculosis and the mortality rate from tuberculosis were inconsistent in 2003-2005. No significant improvements were seen, even in European regions with better living conditions. In the east of the country, lower

incomes and social marginalization led to growth of TB incidence.

Negative trends are visible in a wide range of issues. In particular, all regions have seen a decline in the share of the poorest 20% of the population in total personal incomes. This reflects dependence of the Russian economy on mineral resources and distribution of resource rent in favor of richer social groups. Even in regions where the poor had a greater share of total income in 2003, there was a significant decline of this share as economic expansion gathered pace. The approach used in Moscow, where extreme income inequality is countered by a policy of massive redistribution of income to poorer groups, cannot be applied in other regions, which have much smaller budgets. This problem cannot be solved without changing the priorities of Russian social policy and implementing regional programmes to provide financial support for low-income groups.

Another trend was rapid growth in the number of people with HIV/AIDS (the number of people who were HIV-positive increased by 70% between 2005 and 2009). The basic risk factor here is the spread of addiction to injection drugs, exacerbated by underdeveloped social environment in Russian cities and the anti-social lifestyles of some young people. International organizations, including the UN Development Programme, are helping Russia to combat HIV/AIDS, but the problem cannot be solved unless the social environment in the country's regions is changed for the better and young adults are given proper incentives to adopt more socially acceptable lifestyles.

The third negative trend is the increasing share of run-down housing, especially in regions where the amount of such housing was large to begin with. Social polarization is being manifested, not only in income inequality, but also in deterioration of living conditions. This is a consequence of the excessive centralization of tax revenues, which leaves provincial cities without funds to implement social programmes and develop their infrastructure. Housing market development is also hindered by a poor investment climate in the regions. Under such adverse circumstances only a couple of regions specializing in sales of fuel and energy have been able to achieve some improvement in their housing sector. The federal authorities have again chosen to address the problem by intensive centralization of financial resources: in 2007 a new state corporation, the Fund for Support of Housing Utilities Reform, was set up to provide financial support to regions for resettling people in new housing. Achievements by the Fund in 2008 were insignificant but amounts of money allocated to regions grew by several times in 2009, which inspires hope for progress towards resolution of this old problem.

The fourth negative development is worsening of living conditions due to increasing pollution of the environment. Economic growth has been accompanied by a rise in atmospheric emissions of contaminants from stationary sources, especially in regions where mineral resources are extracted. Only Moscow and St. Petersburg managed to reduce such emissions, but most of the pollution problem in large metropolitan areas does not arise from emissions by stationary sources, but from increasing numbers of motor vehicles. There has been no success in addressing this problem, and traffic jams in the biggest cities are becoming ever longer.

The economic crisis that began in the fall of 2008 definitely had an impact on trends in regional MDG indicators, but data are not yet available, since regional statistics lag behind by more than a year. We can only make general assessments on the basis of operating results and budget statistics. The biggest impact from decline of budget revenues due to the crisis was felt in developed regions, which experienced sharp fall of tax revenues. Risks of decrease in financing of budget services were insignificant in 2009 in most regions as transfers from the federal budget rose by 34% compared with 2008. This enabled regions to increase social spending by 26% (including an increase of 29% in social payments to households), and educational expenditures by 4%. Federal help kept budget expenditures in all of Russia's regions at the same level as in 2008. However, healthcare spending fell by 4% and spending on utility services dropped by almost 16%, despite large cash injections by the Fund for Support of Housing Utility Reform for major repairs and relocation of people from run-down housing.

There was a sharp upturn in unemployment after the crisis, especially among younger people. Finding a job became much more difficult, especially for people with little or no prior

experience. Measurements based on registered unemployment and using ILO methodology show large differences between regions during the crisis period, but unemployment among young adults has spiked sharply everywhere. It is still unclear what impact the crisis will have on income inequality and the poverty level. At national level personal incomes in 2009 remained at the same level as in 2008, but trends vary between regions. The need for a changeover to social assistance that targets most needy groups is even more relevant when budgets are limited.

Regions face a tough time in 2010 as federal transfers are to be reduced by 20% in accordance with the new budget law. Budget limitations will have greater impact on less developed regions, which are already facing more serious social problems. Economically developed regions already faced budgetary limitations in 2009 when their own revenue drops were only partially compensated by transfers from the federal budget.

Decrease of available financial resources will slow down achievement of MDG targets. However, Russia and its regions have a number of obvious reserves, which have been under-used until now: efficiency of regional budget expenditures could and should be improved; local government must become more self-reliant; capacities of non-profit organizations should be harnessed for provision of social services; and civil society in the regions should be developed and involved in finding solutions to social problems.

BOX 9.1. Human Development Index

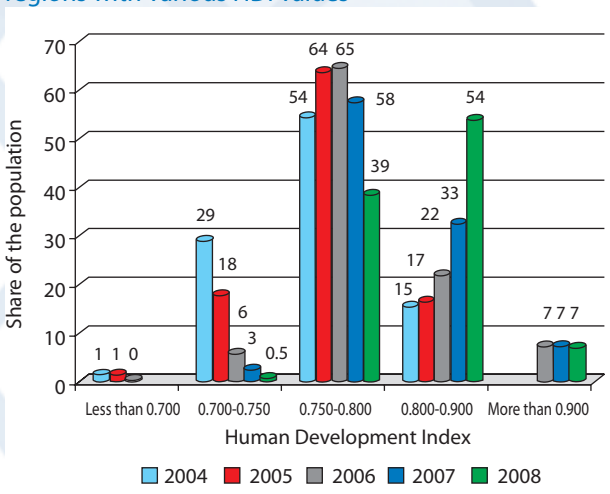
The 2008 Human Development Index (HDI) marks the culmination and high point of the economic growth decade. Despite the emerging crisis, 2008 maintained the positive HDI progress, since negative impact of the crisis did not reach Russian regions until the end of the year. However, HDI growth slowed down or stalled in many regions as compared with 2007 (in Krasnoyarsk Territory, Murmansk and Kamchatka regions, the Republic of North Ossetia, etc.) (Figure 9.1.2).

As in 2007 only Moscow's HDI exceeded 0.900 in 2008. The runners-up, Tyumen Region and St. Petersburg, both scored below this threshold. Continuing transition of Russian regions into the group of developed territories (with HDI indices exceeding 0.800) is a positive trend. In 2006 there were 12 such regions, in 2007 there were 22 (over a quarter of all regions) and in 2008 the figure rose to 30 out of 80[1] (Table 9.1.1). There were two reasons for the increase in the number of regions with relatively high HDI. The first and most important was growth of the income component in most regions. Exceptions were Tyumen (where this component already exceeded the maximum level and could not grow any more due to the rules of calculation), Arkhangelsk and Krasnoyarsk, due to falling international prices for metals and fuels, and a couple of other small territories. The second reason was further growth of life expectancy in 86% of Russian regions, except those with predominantly old-age populations and a burden of social problems: regions in the North-West (Pskov, Novgorod, Vologda), Kirov Region (which is adjacent to the latter three), some regions in the North and in the East (Amur, Sakhalin, Tomsk, Murmansk, Sakha-Yakutia) and some southern republics with reliable demographic statistics (Adigeya and North Ossetia). The education index also rose, but its contribution was more modest, since it is dominated by the literacy indicator, which had already stabilized at its maximum. Nevertheless, it is notable that 75% of children and young people (aged 7 to 24) were in education. Following Moscow, St. Petersburg also reached the highest possible (100%) level of educational coverage in this age range, due to students coming to study from other cities.

There was a strong trend in 2008 towards concentration of population in regions with high HDI (Figure 9.1.1), because several large regions crossed the 0.800 threshold (Moscow Region, Nizhny Novgorod, Rostov, Krasnodar, etc.). While in 2006 less than one quarter of Russia's population lived in high HDI regions, a year later the share had risen to one third, and in 2008 it reached more than half. Adding Moscow as the outstanding leader we have a figure of 60% of Russia's population living in regions with high HDIs, and this can be seen as the most important achievement of the economic growth decade. One more positive result is almost total elimination of regions with relatively low HDI indices (between 0.700 and 0.750). This group now consists only of less developed eastern regions such as the Republic of Tyva, Altai and the Jewish Autonomous District. Improvement of HDI in the North Caucasus republics was not only the result of massive federal support, but was also due to extraordinarily high and constantly rising life expectancy levels, though credibility of these statistics is questionable.

The HDI rating of Russia's regions, shown in Table 9.1.1, is a still-shot of Russia's pre-crisis development peak, which has been followed by economic decline. In 2009 Russia had lower GDP and the life expectancy index will most probably decline in comparison with 2008 in many regions. These factors will have negative impact on HDI values of various Russian regions.

Figure 9.1.1. Share of Russia's population living in regions with various HDI values



[1] HDI is calculated for only one of Russia's four autonomous districts – the Chukotka Autonomous District – since the other three are included in Tyumen (two) and Arkhangelsk (one), respectively.

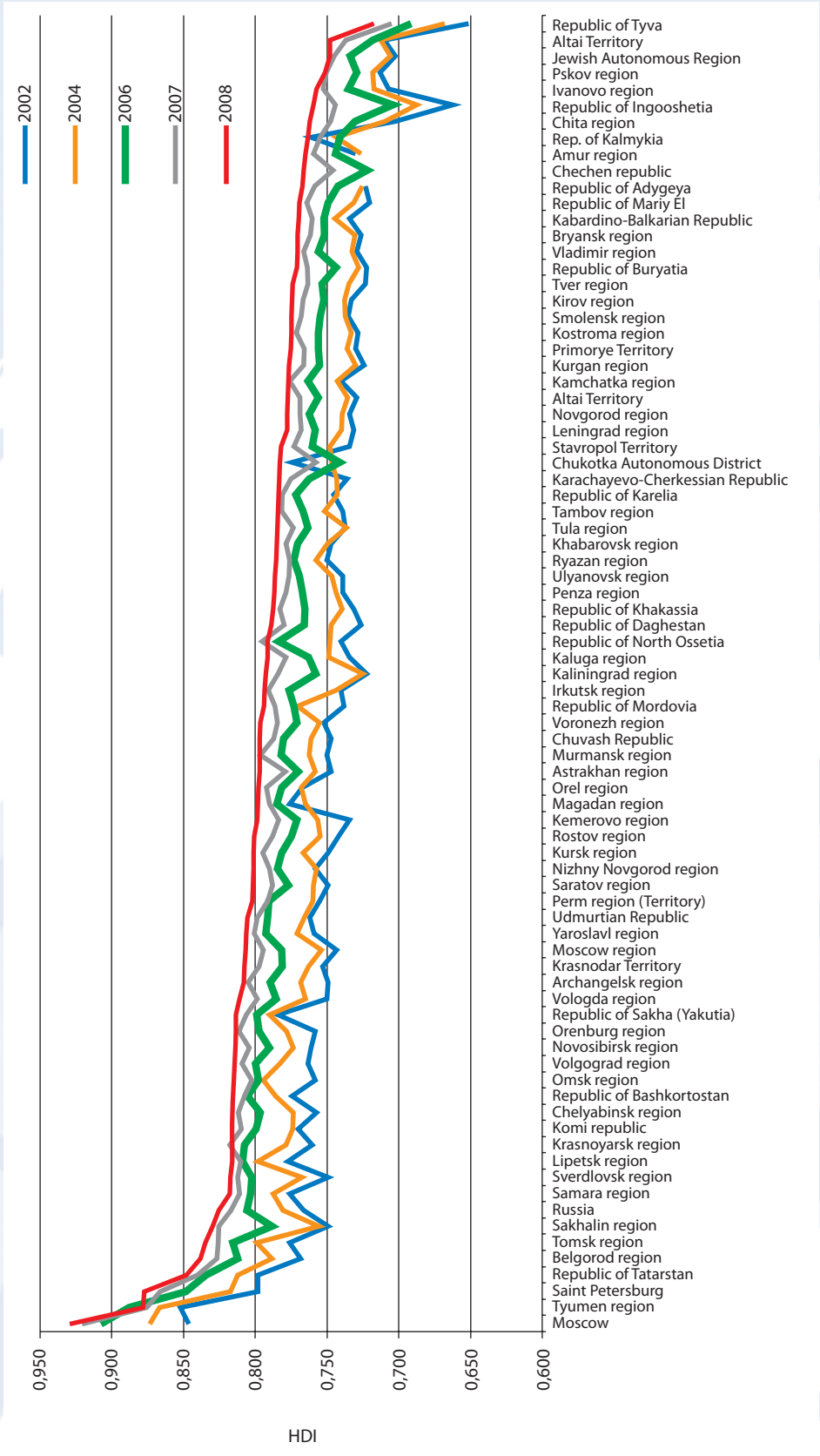


Figure 9.1.2. HDI rating of Russia's regions

ATTACHMENT

Table 9.1. Divergence in levels of Adapted MDG Indicators for Russia's regions (without autonomous districts)

	Goal / Indicator	Average for Russia		Maximum		Minimum	
		2003*	2008	2003*	2008	2003*	2008
	Goal 1. Eradicate extreme poverty and hunger						
1	Poverty gap ratio (proportion of the income deficit of the poor to the total personal income in the region), %	2.6	1.2	37.0	8.7	0.4	0.3
2	Earnings of the poorest 20% in total personal income, %	5.6	5.1	7.9	6.8	2.5	3.2
	Goal 3. Promote gender equality and empower women						
3	Ratio of average wages earned by females to the average wages earned by males, %	64	63	90	100	54	51
4	Proportion of women in regional legislatures, %	9	11	43	42	0	0
	Goal 4. Reduce child mortality rate						
5	Infant mortality	12	8	29	17	8	4
6	Mortality among children under the age of 5	16	11	36	19	10	6
	Goal 5. Improve maternal health						
7	Maternal mortality rate	32	22	133	55	0	0
	Goal 6. Combat HIV/AIDS, malaria and other diseases						
8	Incidence of tuberculosis per 100,000 people	83	85	272	240	35	31
9	Deaths from tuberculosis per 100,000 people	22	17	65	82	6	4
	Goal 7. Ensure environmental sustainability						
10	Proportion of land area covered by forest	45	45	82	82	0	0
11	Proportion of terrestrial and marine areas that are protected	2	2	14	14	0	0
12	Proportion of housing with running water, %	75	77	100	100	23	33
13	Proportion of housing with sewerage,%	70	73	100	100	22	28
14	Proportion of run-down housing,%	3	3	30	21	0,4	0,3
	Goal 8. Develop a global partnership for development						
15	Unemployment rate among people between the ages of 15 and 24, %	17	н.д.	93	н.д.	3	н.д.
16	Number of landline phones per 100 people, urban areas/rural areas	240/97	284/118	334/220	417/265	47/24	38/14
17	Number of cellular phones per 100 people	25	141	67	197	1	71

* Regional MDG indicators from the 2005 Report (devoted to development in Russian regions)

Table 9.1.1. HDI rating of Russia's regions

	GDP, USD of PPP	Income Index	Life Expectancy	Life span index	Literacy, %	Students aged 7 -24, %	Education Index	HDI	Rating
Russian Federation	16092	0.848	67.88	0.715	99.4	75.0	0.913	0.825	
Moscow	37987	0.991	72.84	0.797	99.8	100.0	0.999	0.929	1
Tyumen Region.	49433	1.000	68.89	0.732	99.2	72.5	0.903	0.878	2
St. Petersburg	18964	0.875	70.48	0.758	99.8	100.0	0.999	0.877	3
Republic of Tatarstan	19426	0.879	70.05	0.751	99.0	76.1	0.914	0.848	4
Belgorod Region	16415	0.851	70.49	0.758	98.6	74.3	0.905	0.838	5
Tomsk Region	15690	0.844	67.66	0.711	98.9	86.8	0.949	0.834	6
Sakhalin Region	29244	0.948	64.39	0.657	99.4	66.4	0.884	0.829	7
Samara Region	13855	0.823	67.51	0.709	99.2	77.9	0.921	0.817	8
Sverdlovsk Region	14446	0.830	67.75	0.713	99.2	74.2	0.909	0.817	9
Lipetsk Region	16691	0.854	67.53	0.709	98.4	68.7	0.885	0.816	10
Krasnoyarsk Territory	16236	0.850	66.94	0.699	99.0	71.8	0.899	0.816	11
Komi Republic	17607	0.863	66.20	0.687	99.2	71.0	0.898	0.816	12
Chelyabinsk Region	14011	0.825	67.23	0.704	99.1	77.5	0.919	0.816	13
Republic of Bashkortostan	14473	0.830	68.00	0.717	98.8	72.0	0.899	0.815	14
Omsk Region	13549	0.819	67.54	0.709	98.7	77.4	0.916	0.815	15
Vologda Region	16096	0.848	66.91	0.699	98.8	71.2	0.896	0.814	16
Novosibirsk Region	11609	0.794	68.00	0.717	98.8	81.8	0.931	0.814	17
Orenburg Region	15922	0.846	66.76	0.696	98.9	71.5	0.898	0.813	18
Republic of Sakha (Yakutia)	15702	0.844	65.78	0.680	99.0	76.8	0.916	0.813	19
Volgograd Region	12128	0.801	68.99	0.733	98.9	71.6	0.898	0.811	20
Archangel Region	14368	0.829	66.94	0.699	99.2	70.0	0.895	0.808	21
Krasnodar Territory	11041	0.785	69.72	0.745	99.0	69.6	0.892	0.807	22
Moscow Region	15666	0.844	67.30	0.705	99.6	61.9	0.870	0.806	23
Yaroslavl Region	12255	0.803	67.60	0.710	99.2	73.4	0.906	0.806	24
Udmurtian Republic	12591	0.807	67.19	0.703	99.0	73.4	0.905	0.805	25
Perm Territory	14509	0.831	65.73	0.679	98.9	71.0	0.896	0.802	26
Saratov Region	10159	0.771	68.39	0.723	99.2	74.4	0.909	0.801	27
Nizhny Novgorod Region	12123	0.801	66.10	0.685	98.9	77.5	0.918	0.801	28
Kursk Region	10487	0.777	66.85	0.698	98.5	81.6	0.929	0.801	29
Rostov Region	9407	0.758	68.88	0.731	99.1	75.6	0.913	0.801	30
Kemerovo Region	16167	0.849	64.64	0.661	98.9	68.0	0.886	0.799	31
Magadan Region	12131	0.801	63.70	0.645	99.6	85.4	0.949	0.798	32
Orel Region	9453	0.759	67.70	0.712	98.9	78.6	0.921	0.797	33
Astrakhan Region	11089	0.786	67.97	0.716	98.6	69.3	0.888	0.797	34
Murmansk Region	13157	0.814	66.70	0.695	99.6	65.0	0.881	0.797	35
Chuvashi Republic	9750	0.764	67.84	0.714	99.0	75.4	0.911	0.797	36
Voronezh Region	8909	0.749	67.82	0.714	98.3	81.0	0.925	0.796	37
Republic of Mordovia	9175	0.754	68.74	0.729	97.9	73.7	0.898	0.794	38
Irkutsk Region	12502	0.806	65.01	0.667	99.1	74.0	0.907	0.793	39
Kaliningrad Region	11837	0.797	66.51	0.692	99.4	67.7	0.888	0.792	40

Kaluga Region	11286	0.789	66.80	0.697	99.2	67.9	0.888	0.791	41
Republic of North Ossetia-Alania	6772	0.704	71.45	0.774	99.1	70.4	0.895	0.791	42
Republic of Daghestan	6127	0.687	74.37	0.823	98.4	59.9	0.856	0.788	43
Republic of Khakassia	9969	0.768	66.53	0.692	98.8	73.1	0.902	0.788	44
Penza Region	8212	0.736	68.67	0.728	98.4	72.0	0.896	0.786	45
Ul'yanovsk Region	8938	0.750	67.89	0.715	98.6	70.9	0.894	0.786	46
Ryazan Region	8939	0.750	66.43	0.691	98.7	77.3	0.916	0.785	47
Khabarovsk Territory	10049	0.769	65.27	0.671	99.5	75.1	0.914	0.785	48
Tula Region	11183	0.787	65.42	0.674	99.1	69.3	0.892	0.784	49
Tambov Region	8461	0.741	68.24	0.721	98.1	71.0	0.891	0.784	50
Republic of Karelia	11322	0.789	65.48	0.675	99.2	67.6	0.887	0.784	51
Karachaevo-Cherkessian Republic	6538	0.698	71.55	0.776	98.4	65.8	0.875	0.783	52
Chukotka Autonomous District	20477	0.888	59.65	0.578	99.4	66.0	0.883	0.783	53
Stavropol Territory	6904	0.707	69.68	0.745	98.6	71.1	0.894	0.782	54
Leningrad Region	15651	0.843	65.22	0.670	99.5	46.7	0.819	0.778	55
Novgorod Region	12462	0.805	63.62	0.644	98.9	67.3	0.884	0.778	56
Altai Territory	8314	0.738	67.52	0.709	98.2	69.0	0.885	0.777	57
Kamchatka territory	8890	0.749	66.36	0.689	99.7	67.9	0.891	0.776	58
Kurgan Region	8416	0.740	66.67	0.695	98.4	71.5	0.894	0.776	59
Primorskiy Territory	8676	0.745	65.50	0.675	99.5	72.7	0.906	0.775	60
Kostroma Region	9035	0.752	66.34	0.689	98.8	67.4	0.883	0.775	61
Smolensk Region	9186	0.754	64.53	0.659	98.9	75.3	0.910	0.775	62
Kirov Region	8018	0.732	66.94	0.699	98.4	70.7	0.892	0.774	63
Tver Region	9935	0.768	64.82	0.664	99.1	68.7	0.890	0.774	64
Republic of Buryatia	8879	0.749	64.37	0.656	98.8	74.4	0.907	0.771	65
Vladimir Region	8459	0.741	65.45	0.674	99.4	70.2	0.897	0.770	66
Bryansk Region	7627	0.723	66.49	0.692	98.6	71.7	0.896	0.770	67
Kabardino-Balkarian Republic	5272	0.662	72.53	0.792	98.8	58.6	0.854	0.769	68
Republic of Marij El	7893	0.729	66.45	0.691	98.8	68.7	0.888	0.769	69
Republic of Adygeya	6095	0.686	68.67	0.728	98.7	68.8	0.887	0.767	70
Chechen Republic	4103	0.620	75.50	0.842	96.0	59.1	0.837	0.766	71
Amur Region	9546	0.761	63.53	0.642	99.3	68.6	0.891	0.765	72
Republic of Kalmykia	5586	0.671	68.99	0.733	98.2	69.0	0.885	0.763	73
Trans-Baikal Territory	9018	0.751	63.82	0.647	98.8	68.6	0.887	0.762	74
Republic of Ingooshetia	2882	0.561	80.10	0.918	96.2	47.2	0.799	0.759	75
Ivanovo Region	5850	0.679	65.96	0.683	99.3	74.3	0.910	0.757	76
Pskov Region	7582	0.722	63.62	0.644	98.9	68.4	0.887	0.751	77
Jewish Autonomous District	8478	0.741	62.66	0.628	99.1	64.3	0.875	0.748	78
Republic of Altai	6256	0.690	65.15	0.669	98.3	68.6	0.884	0.748	79
Republic of Tuva	5585	0.671	60.48	0.591	99.1	68.2	0.888	0.717	80

CALCULATING THE HUMAN DEVELOPMENT INDEX FOR THE CONSTITUENT MEMBERS OF THE RUSSIAN FEDERATION

The Human Development Index (HDI) consists of components that have equal weight:

- income as measured by the gross domestic product (gross regional product) in purchasing power parity US dollars (PPP US$);
- education as measured by the adult literacy rate (with two-thirds weight) and the gross enrolment ration among children and young people between the ages of 6 and 23 (with one-third weight of 1/3);
- life expectancy, as measured by the life expectancy at birth.

Fixed minimum and maximum values are established for each of the dimension indices:

- the life expectancy at birth: 25 and 85 years;
- adult literacy rate: 0% and 100%;
- gross enrolment ratio among children and young people: 0% and 100%;
- real GDP per capita (PPP US$): $100 and $40,000.

The dimension indices are calculated using the following formula:

$$(1) \qquad \text{Index} = \frac{\text{actual.value } X_i - \text{min.value } X_i}{\text{max.value } X_i - \text{min.value } X_i}$$

The income index is calculated slightly differently: it uses the base-ten logarithm of the real GDP per capita. Income is adjusted in view of the fact that, beyond a certain point, increases in income do not lead to a higher level of human development. Taking the logarithm limits the spread of income values and thus decreases the contribution of high income to the HDI.

$$(2) \qquad W(Y) = \frac{\log y_i - \log y_{min}}{\log y_{max} - \log y_{min}}$$

The Human Development Index is the arithmetic average of the three dimension indices: the life expectancy index, the education index (which consists of the adult literacy rate with a two-thirds weight and the gross enrolment ratio with a one-third weight) and the income index.

Additional procedures are used for calculating the income index for the constituent members of the Russian Federation:

- adjusting (proportionally increasing) the gross regional product (GRP) of each constituent member of the Russian Federation based on the undistributed part of the national GDP;
- adjusting the GRP for the difference in prices by multiplying it by the ratio of the average national cost of living to the cost of living in the region;
- converting it into purchasing power parity US dollars (PPP US$) for the given year.

For the purposes of calculating the education index, the adult literacy rate is taken to be 99.5% of the population. The gross enrolment ratio is taken to be the ratio between the number of students in all the different types of educational establishments (schools and primary, secondary and higher educational establishments) to the total population between the ages of 6 and 23.

The Human Development Index can take values between 0 and 1. The lower limit for developed countries is 0.800.

The previous National Human Development Reports in the Russian Federation have been devoted to the following themes:

2009	Energy Sector and Sustainable Development
2008	Russia Facing Demographic Challenges
2006/2007	Russia's Regions: Goals, Challenges, Achievements
2005	Russia in 2015: Development Goals and Policy Priorities
2004	Towards a Knowledge-based Society
2002/2003	The Role of the State in Economic Growth and Socio-Economic Reform
2001	Generation Aspects of Human Development
2000	Impact of Globalization on Human Development
1999	Social Consequences of the August 1998 Crisis
1998	Regional Differentiation in the Russian Society
1997	Human Development under Conditions of Political and Economic Transformations
1996	Poverty: its Reasons and Consequences
1995	Human Development Concept and its Application to the Russian Context

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