

# Poverty & Equity Brief

## Europe & Central Asia

# Russian Federation

April 2021

The national poverty rate in Russia has been slowly declining in recent years: from 12.9 percent in 2017, 12.6 percent in 2018 to 12.3 percent in 2019. The poverty rate at US\$ 5.5 (revised 2011 PPP) decreased from 3.8 percent, to 3.7 percent and 3.4 percent in the same period. However, quarterly official poverty rates show an upward trend to 12.6, percent, 13.2 percent and 13.3 percent in the first, second and third quarters of 2020, respectively. World Bank staff estimates that poverty rate under the US\$ 5.5 poverty line will climb to 4.2 in 2020. The somewhat contained increase in poverty in year 2020 is the consequence of a less than expected decline in GDP of -3.1 percent, and social policy measures adopted by the authorities to compensate the impact of the pandemic.

In his May 2018 decree, Russia's president set up a target of halving the official poverty rate over the next six years. This pre-pandemic goal is unlikely to be attained. A new decree in July 2020 moves the goal of halving the poverty rate to year 2030 (from a baseline official poverty rate of 12.9 in 2017).

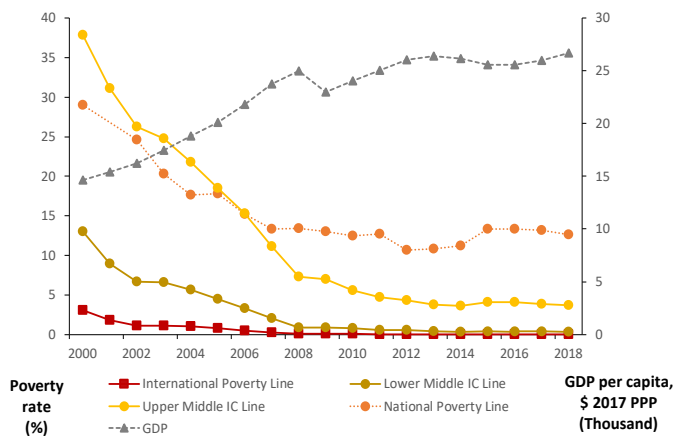
The relative income of those at the bottom of the distribution (called shared prosperity premium) showed a positive trend in Russia, as per most recent available data. On the back of an economic slowdown, the consumption growth of the overall population decelerated over the period 2013-2018 by 2.3 percent annually, while the consumption of the bottom 40 percent of the population also declined but at a smaller rate (0.4 percent), resulting in a favorable shared prosperity premium. In other words, the population at the bottom of the distribution experienced a slower decline in consumption than the rest of the population, for the period of reference.

Inequality in Russia remains relatively stable over recent years at levels that are, however, higher than in other ECA countries. The Gini index for consumption expenditures calculated by the World Bank for 2018 is 37.5, while official estimates of the Gini index for incomes stays at above 41. However, measures of inequality based on household survey data may be biased downward because top earners are underrepresented in these surveys.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	18,204.2	12.6	2018
International Poverty Line 56.6 in Russian ruble (2018) or US\$1.90 (2011 PPP) per day per capita	45.1	0.0	2018
Lower Middle Income Class Poverty Line 95.2 in Russian ruble (2018) or US\$3.20 (2011 PPP) per day per capita	506.1	0.4	2018
Upper Middle Income Class Poverty Line 163.7 in Russian ruble (2018) or US\$5.50 (2011 PPP) per day per capita	5,283.5	3.7	2018
Multidimensional Poverty Measure		3.3	2015
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-0.44	2013-2018
INEQUALITY			
Gini Index		37.5	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.83	2013-2018
GROWTH			
Annualized GDP per capita growth		0.19	2013-2018
Annualized Consumption Growth per capita from Household Survey		-2.27	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-1.17	2013-2018

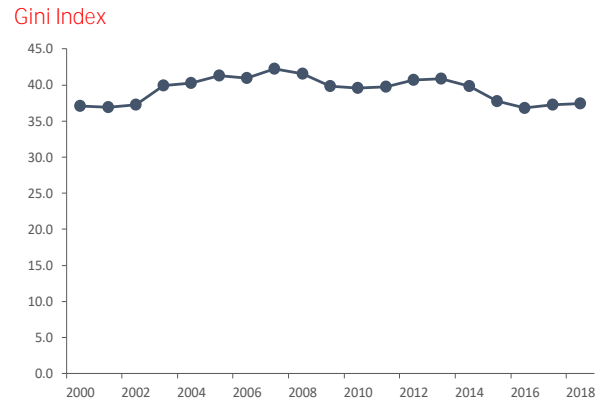
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2021, and Global Monitoring Database for the rest.

## POVERTY HEADCOUNT RATE, 2000-2018



Source: World Bank using HBS/ECAPOV/GMD

## INEQUALITY TRENDS, 2000-2018



Source: World Bank using HBS/ECAPOV/GMD

## KEY INDICATORS

Distribution among groups: 2015	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures: 2015 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	100	0	34	66	<b>Monetary poverty (Consumption)</b> Daily consumption less than US\$1.90 per person 0.0
Rural population	100	0	57	43	
Males	100	0	41	59	<b>Education</b> At least one school-aged child is not enrolled in school 0.3 No adult has completed primary education 0.2
Females	100	0	39	61	
0 to 14 years old	100	0	50	50	<b>Access to basic infrastructure</b> No access to limited-standard drinking water 8.3 No access to limited-standard sanitation 10.7 No access to electricity 4.5
15 to 64 years old	100	0	37	63	
65 and older	100	N/A*	42	58	
Without education (16+)				N/A	
Primary education (16+)	100	N/A*	55	45	
Secondary education (16+)	100	0	51	49	
Tertiary/post-secondary education (16+)	100	0	33	67	

Source: World Bank using HBS/ECAPOV/GMD

Source: World Bank using HBS/ECAPOV/GMD

Notes: N/A missing value, N/A\* value removed due to less than 30 observations

## POVERTY DATA AND METHODOLOGY

The official poverty estimates in Russia are produced by the Federal State Statistics Service (Rosstat) using data from the Household Budget Survey (HBS). HBS is conducted on a quarterly basis, and poverty rates (on a national level) are also published on a quarterly basis with some lag. Survey data for 2019 are already publicly available but too recently to be incorporated into this brief. Poverty rates are also available at a subnational level on an annual basis. The latest full year official estimates are for 2018.

The official poverty rate is calculated as a share of population with per capita incomes below the poverty line, equivalent to the subsistence minimum level. The food component of the line is defined using a normative approach and is calculated for each year as the cost of a fixed basket using the price levels collected by Rosstat in a price survey. The total subsistence minimum is calculated as a food basket multiplied by two. The subsistence minimum is calculated separately by age group (children, working age, and pensioners) and is also available for each region separately.

In 2020, the 2011 PPP was revised to take into account the effects of (i) national accounts rebasing, (ii) improvement of the underlying price data, (iii) regression of non-participating countries, and (iv) national accounts expenditure shares and relative prices between all of the countries in each comparison region. The revised 2011 PPP for the Russian Federation is 11.7 percent higher than the one based on the original PPP. Consequently, the poverty rate under the US\$5.5 per day is adjusted from 2.3 percent to 3.7 percent in 2018.

## HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.