

Russian Federation

April 2019

The national poverty rate in Russia almost did not change in 2017 (13.2 percent) compared to previous years and declined by 0.5 percentage points in the first nine months of 2018. Real disposable incomes continued declining in 2017 and did not change in 2018. The growth rate of pensions and wages did not compensate for the contraction of other components of household incomes, including ones from business as well as informal activities. The poverty rate fell despite the stability of average real income partly because of the decrease in the poverty line in real terms and partly by the rebound in incomes at the bottom of the distribution.

In its May 2018 decree, Russia's president set up a target of halving the official poverty rate over the next 6 years. This could not be achieved under the current outlook of 1.5 percent annual GDP growth. Additional fiscal funding, and improved targeting, of social protection programs is needed to complement the poverty reduction impact of GDP growth. But under limited GDP growth potential, failing to introduce these reforms jeopardizes the achievement of the poverty reduction goal.

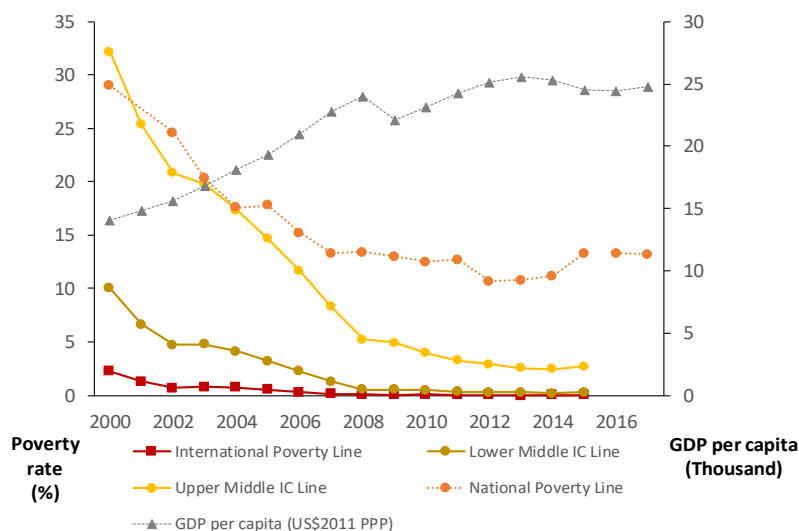
The relative income of those at the bottom of the distribution (called the shared prosperity premium) showed a positive trend in Russia. On the back of an economic slowdown, the income growth of the overall population decelerated compared to previous period, but the income growth of the bottom 40 percent (1.6 percent) outpaced that of the total population, resulting in a favorable shared prosperity premium.

Inequality in Russia remained relatively stable over the past 10 years at levels that are, however, higher than in other ECA countries. The Gini index for expenditures calculated by the WB for 2015 is 38 percent and it came down marginally between 2014 and 2015, while official estimates of Gini index for incomes stays above 41 percent. However, measurements of inequality based on household survey data may be biased downward because top earners are underrepresented in the survey, while other sources indicate that there is a substantial amount of wealth and income concentrated at the top of the income distribution.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	19,300.0	13.2	2017
International Poverty Line 44.5 in Russian ruble (2015) or US\$1.90 (2011 PPP) per day per capita	31.1	0.0	2015
Lower Middle Income Class Poverty Line 75 in Russian ruble (2015) or US\$3.20 (2011 PPP) per day per capita	381.7	0.3	2015
Upper Middle Income Class Poverty Line 128.9 in Russian ruble (2015) or US\$5.50 (2011 PPP) per day per capita	3,905.1	2.7	2015
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.62	2010-2015
INEQUALITY			
Gini Index		37.7	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.15	2010-2015
GROWTH			
Annualized GDP per capita growth		1.2	2010-2015
Annualized Consumption Growth per capita from Household Survey		0.48	2010-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

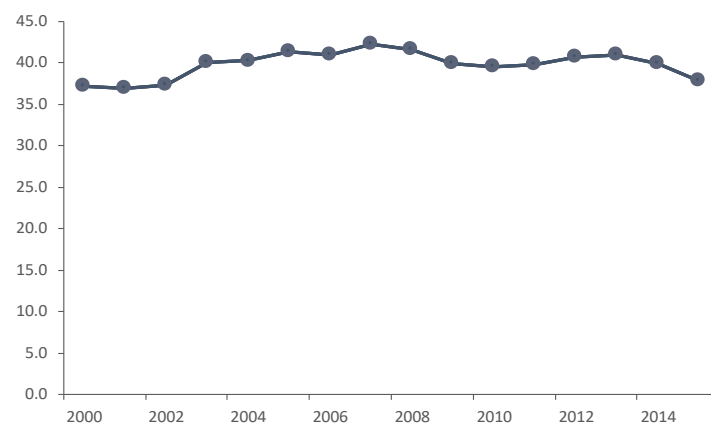
POVERTY HEADCOUNT RATE, 2000-2017



Source: World Bank using HBS/ECAPOV/GMD

INEQUALITY TRENDS, 2000-2015

Gini Index



Source: World Bank using HBS/ECAPOV/GMD

KEY INDICATORS (distribution among groups)

	International Poverty Line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	100	0	34	66	2015
Rural population	100	0	57	43	2015
Males	100	0	39	61	2015
Females	100	0	41	59	2015
0 to 14 years old	100	0	50	50	2015
15 to 64 years old	100	0	37	63	2015
65 and older	100	0	42	58	2015
Without education (age 16 and older)	N/A	N/A	N/A	N/A	N/A
Primary education (age 16 and older)	100	0	55	45	2015
Secondary education (age 16 and older)	100	0	51	49	2015
Tertiary/post-secondary education (age 16 and older)	100	0	33	67	2015

Source: World Bank using Global Monitoring Database

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. The most recent survey data are for 2018, however the microdata is shared only up to 2015. Poverty rates are also available at a subnational level on an annual basis. The latest full year estimates are for 2017.

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. Income information is not collected in the survey directly, but calculated using expenditures data and changes in savings for each household.

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.