The national poverty rate in Russia declined slightly in 2018 to 12.9 percent compared to 13.2 percent in 2017. The poverty rate at US$5.5 (2011 PPP)/day decreased from 2.5 to 2.3 over the same period. Real disposable incomes did not change in 2018 and increased slightly in 2019 by 0.8 percent. Main components of disposable income – wages and pensions both increased in real terms in 2019 by 2.4 and 1.5 percent respectively.

In its May 2018 decree, Russia's president set up a target of halving the official poverty rate over the next 6 years. Given past trends of the connection between poverty reduction and GDP growth, this goal is very hard to achieve under the current projections of future GDP growth. Additional fiscal funding or reallocation, and improved targeting of social protection programs would be needed to complement the poverty reduction impact of GDP growth.

World Bank staff projects a 1% fall in GDP for 2020 due to COVID-19 and an increase in the poverty rate (using a poverty line of US$ 5.5) from 2.1 percent in 2019 to 2.2 percent in 2020. These are early projections that will be updated as the impact of the virus is better understood.
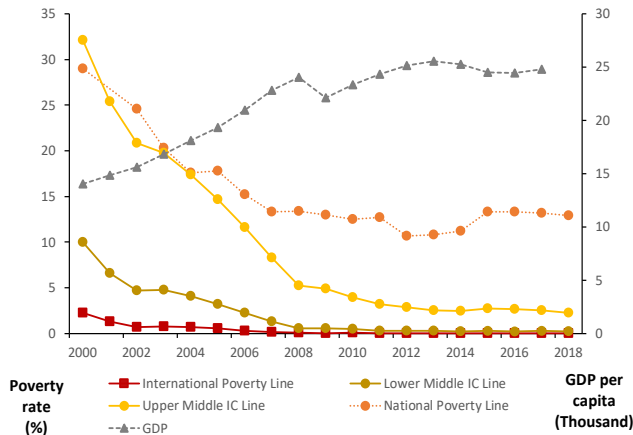
The relative income of those at the bottom of the distribution (called the shared prosperity premium) showed a positive trend in Russia. On the back of an economic slowdown, the consumption growth of the overall population decelerated over the period 2013-2018 by 2.3 percent annually, while the consumption of the bottom 40 percent of the population also declined but at a smaller rate (0.4 percent over the same period), resulting in a favorable shared prosperity premium. In other words, population in the bottom 40 percent experienced a slower decline in consumption than the rest of the population for the period of reference. Median consumption contracted during the period 2013-2018 by 1.2 percent annually.

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 2018 is 37.5 percent and it came down marginally in 2018, 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	18,637.7	12.9	2018
International Poverty Line 50.8 in Russian ruble (2018) or US$1.90 (2011 PPP) per day per capita	27.6	0.0	2018
Lower Middle Income Class Poverty Line 85.6 in Russian ruble (2018) or US$3.20 (2011 PPP) per day per capita	347.8	0.2	2018
Upper Middle Income Class Poverty Line 147.1 in Russian ruble (2018) or US$5.50 (2011 PPP) per day per capita	3,296.5	2.3	2018
Multidimentional Poverty Measure		3.2	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		0.05	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 Feburary 2020, and Global Monitoring Database for the rest.
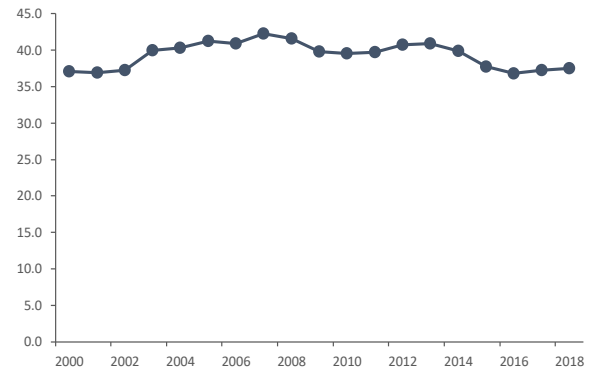
POVERTY HEADCOUNT RATE, 2000-2018

Source: World Bank using HBS/ECAPOV/GMD

INEQUALITY TRENDS, 2000-2018

Gini Index

Source: World Bank using HBS/ECAPOV/GMD

KEY INDICATORS

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

Multidimensional Poverty Measures (% of people):	2015
Monetary poverty (Consumption)	
Daily consumption less than US$1.90 per person	0.0
Education	
At least one school-aged child is not enrolled in school	0.4
No adult has completed primary education	0.2
Access to basic infrastructure	
No access to limited-standard drinking water	5.5
No access to limited-standard sanitation	10.7
No access to electricity	4.5

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. The most recent survey data are for 2019, however the microdata is shared only up to 2018. 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. 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.

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