

Overview

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Russian Federation also has Europe's highest level of TB mortality. Tuberculosis, which used to be routinely curable disease, is now turning into a disease that requires expensive treatment and often has a lethal outcome. It strikes an excessively large number of working-age people, especially men, and is one of the main causes of mortality among people living with HIV/AIDS.

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

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

The Chapter shows that Goal 7, its targets and indicators reflect the need to resolve two main problems in order to secure environmental sustainability: to reduce the influence of human activity on the environment and exhaustion of the natural resources; and to improve ecological conditions for human development and reduce ecological hazards threatening human safety, health and living standards. The Chapter also examines problems connected with impact on environmental indicators of Russia's investment policy, decentralization of its environmental management system, and inefficiency of a number of its environmental protection standards and mechanisms of their application, as well as other aspects of political and economic activities. It is stated the achievement of sustainable development will depend on including the environmental factor among basic socio-economic development indicators, which is in keeping with MDG ideology. Application of that ideology by all Russian Government bodies for purposes of environmentally sustainable development would assist management and resolution of the country's environmental problems and reduce the ecological hazards that pose a threat to the population's health. This objective, which is reflected in many fun-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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