**Abstract**

**RS-114**

Title: **«Development and examination of proposals for change the methodology for determining the minimum consumer goods basket and poverty measurement and cross-country comparisons of poverty levels and factors»**

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**The object of the study** is an assessment of the methodology for determining the minimum consumer goods basket and poverty measurement.

1. **Goal of research:** assessment and approbation of various poverty measurement methodologies, including modeling of an alternative methodology for assessing the consumer goods basket, as well as the identification of poverty factors, structure and depth of poverty, including the assessment of the likelihood for different population groups to be among the poor (or the risks of poverty).
2. **Methodology:** the estimation of poverty level of the population is carried out on the basis of the analysis of one-dimensional and multidimensional distributions of data of sample population survey; the theoretical and methodological analysis of the Russian and foreign publications; various methods of modeling; examination of normative legal documents.
3. **Empirical base of research:** the study is based on the data of the Federal State Statistics Service (Rosstat), the all-Russian survey "Statistical survey of income and participation in social programs" (2016), on the data of legal documents regulating the procedure for calculating the subsistence minimum and the cost of the consumer goods basket, as well as on scientific and expert literature on the subject.
4. **Results of the research**: The study considered the main approaches to poverty measurement, including the monetary approach, the opportunity approach, the social exclusion and deprivation approach. The first involves the use of a monetary poverty criterion: if income or consumption is below a given level, the person is classified as poor. The opportunity approach assumes that what is important for a person is not income per se, but the ability to live a normal life that has value in understanding the social environment. The social exclusion approach also assumes that poverty is not defined by income. Poverty in this case is primarily a lack of access to established practices of behavior in general and consumption in particular. The results of the research carried out using these approaches are very different: different categories of the population fall into the category of the poor.

Based on the data of the survey "Statistical survey of income and participation in social programs" (2016), the proportion of the poor according to the approach used was estimated. The portrait of the poor according to the absolute approach is characterized by younger ages, education below higher, employment in the informal sector and belonging to the less skilled categories of the employed population. In the spatial aspect, the structure of poverty at the household level is characterized by the fact that families from the Siberian and the North Caucasus federal districts are more likely to be found among the poor than among non-poor households. Poor households tend to live in small settlements in both urban and rural areas. Poor households are mostly numerous and involve children or other relatives. In addition, poor families are characterized by the presence in its composition of the unemployed and a lower proportion of pensioners than non-poor households.

The category of young people from 16 to 19 years and from 20 to 39 years is characterized by high risks of falling into the group of poor according to the absolute approach. Among those with secondary general education and basic general education, more likely than the average there are poor. Employment in the informal sector in the main job and the status of unskilled workers significantly increase the likelihood (risk) of falling into the group of poor. At the same time, not only the presence of unemployed in the household increases the risks of poverty, but also the presence of persons with disabilities.

Income deficits estimates for different population groups indicate that the risk of extreme poverty is in most cases the same as the risk of poverty in general. Families with children and the unemployed, as well as those employed in the informal sector, are vulnerable. Rural residents suffer more from income deficit, and in the regional context – the North Caucasus and Siberian Federal districts. The exception is the situation with the respondent's family size: poor lonely individuals are less likely than other households. But if they do find themselves in a situation of poverty, their income deficit is likely to be very high.

The study examined the main causes or factors of poverty. Their prevalence among households varies from 5% for the low quality of human capital to 23% for the factor associated with the failures of social policy. Since the selected factors concern different aspects of poverty, each household may have several factors. Just over half of all families (55 per cent) do not face any of five factors, and almost no one has to deal with all five factors. It is also important to note that these factors are not exclusive to poor families, they are also found in wealthy households. However, in poor families their concentration is much higher: about 40% of households face three factors at once.

The use of the multidimensional poverty index (MPI) confirms the results of studies based on other approaches: in the category of the poor are respondents living in rural areas, with a low level of education and low-paid positions. According to this approach, the percentage of the poor is close to the proportion of the poor estimated in the relative approach to the poverty line, at 24,8%. At the household level, the presence of children, pensioners and persons with disabilities in the household increases the risk of poverty. At the same time, the MPI allows to understand poverty more broadly and to take into account the problems not only of those whose incomes are below the subsistence level, but also of those who face problems with access to the necessary benefits for life, not formally being poor.

Of particular interest is the special case of multidimensional assessment of poverty and social exclusion – AROPE. This approach is based on the account of relative poverty, deprivation and exclusion from the labor market and can be used to determine poverty in Russia. According to the data obtained, along with the relative poverty level of 21,5%, material deprivation in households is 22,4% and low labor intensity – 6,3%. The overall AROPE index for households was 34,2%. In the transition from households to population, the overall index is slightly reduced to 32,6%, with relative poverty and material deprivation at 22,3% and 19,9%, respectively, and low labor intensity at 4,6%.

The poor population by AROPE is characterized for the most part by having a secondary special education and lower. The low level of education affects the official capacity. Among the poor according to AROPE 19,7% and 17,2% occupies the position of a service and trade worker and a skilled worker of agriculture and forestry. A characteristic feature of poor households is the residence of the majority of families in urban areas (62,4%).

Speaking about the risks of poverty in AROPE, it is worth noting that they are higher among the youngest and older people, among those with secondary general education and lower. The lack of employment, the presence of unemployed members and persons with disabilities in the household, living in rural areas and rural settlements, also affect the likelihood of falling into the category of the poor.

In comparison with the absolutely poor, the proportion of the elderly aged 50 years and older is higher among the poor exclusively by AROPE. While among the absolutely poor, the proportion of middle-aged and young people is higher. Thus, it can be assumed that with age, people begin to experience difficulties not only in combining with low incomes, but also with material deprivation and weak connection with the labor market. When comparing the level of education of the two groups of the poor, it should be noted that among both the absolutely poor and the poor only by AROPE there is a high proportion of people with secondary special education (31% and 35%, respectively). At the same time, the proportion of people with higher education (14% versus 21%) is higher among the poor only according to AROPE. In comparison with the poor exclusively by AROPE, the proportion of people living in rural areas is higher among the absolutely poor. A feature of poor families with an income below the subsistence minimum is their numerousness. Conversely, the poor exclusively by AROPE are represented for the most part rather by singles or couples. Closely related to the previous profile is the presence of children in the household. Among absolutely poor families, 75% of households have at least one child. While among the poor only by AROPE there is at least one child in the family only 25%. And this figure is three times lower than in the case of absolute poverty. Thus, we see that the expansion of the poverty criteria laid down in AROPE, as a result, is attributed to the poor and more prosperous social groups – people with higher education, higher official status, living in cities.

A separate task in the study of poverty in Russia is an attempt to model the cost of the consumer goods basket more appropriate to the needs of the population. The analysis of changes in the methodology of calculating the consumer goods basket showed that at the moment the concept of calculating its composition and cost does not accurately reflect the volume of goods and services necessary for a healthy and active lifestyle. Based on the recommendations of the Ministry of health, the cost of a more balanced basket is modeled. The volume of food consumption was adjusted on the basis of the current recommendations of the Ministry of health on rational norms of healthy nutrition – reduced consumption of bread and potatoes, increased consumption of vegetables, fruits, meat, fish, milk, eggs and vegetable fats.

The survey data "Statistical survey of income and participation in social programs" allow us to simulate the effect of changes in the composition of the consumer goods basket. If according to official estimates of Rosstat, the poverty level of the population in 2016 is 13%, then the segment of the poor increases to 23,5% when switching to the list of the Ministry of health and the corresponding increase of the subsistence minimum.

1. **Level of implementation, recommendations on implementation or outcomes of the implementation of the results:** some results of the study were used in the preparation of analytical notes and expert opinions in 2018, as well as presented at various scientific and practical events. The results of this work can be used to advise public authorities and improve existing legislation in the field of poverty reduction in Russia.