

# Who Really Needs Social Assistance in Russia?

By [Vladimir Nazarov](#)

August 30, 2015



The current economic crisis has already contributed to an increase in those living below the poverty line in Russia. The poverty rate rose to 15.9 percent in the first quarter of this year — 2.1 percent higher than in the first quarter of 2014. Between January and June 2015, the number of citizens with incomes below subsistence level rose from 19.8 million to 22.9 million people.

The Russian government spends a substantial amount of money to support the needy population. In 2014, expenditures on pensions and social assistance amounted to 8.6 percent of the GDP and 3.3 percent of the GDP respectively.

However, the allocation of these resources does not depend on the revenues of recipients. The evidence is the fact that just 5 percent of all social expenditures are allocated for means-tested programs. At the same time, the share of poor households among targeted social assistance recipients is no more than 40 percent. Moreover, targeted social benefits amount to less than 10 percent of recipients' revenue.

To raise the revenues of these households to subsistence level, and to nullify the number of poor families raising children, it is sufficient to spend 1 percent of GDP and 0.5 percent of the GDP, respectively. The reallocation of 15 percent of social expenditures from the well-off to the poorest population groups will dramatically reduce the number of households with income levels below subsistence level.

Unfortunately, the current social assistance system does not provide support for those who really need it. There are more than 760 measures of social support used by the federal government. The provision of the most of them depends on recipients' social status rather than on their income levels.

Another example is benefits that are allocated to the victims of radiation accidents (1.58 million people fall into this category). In 2014, the government spent 11.39 billion rubles to pay these residents monthly benefits; and as a result, the average size of the benefits — per person — amounted to less than 600 rubles. Such a sum simply cannot be enough for the health care these people need. This brings to light the main drawback of the social assistance system: The number of support measures is too large and they have no real effect.

In July, the Labor Ministry proposed changing the rules that regulate the allocation of social benefits at the regional level. Thus, programs for families that raise children and use kindergarten services will have a means-tested character. The support for rural teachers and doctors will be changed in the same way. However, the nature of the social assistance programs will not be modified at the federal level. The crisis should have been reason enough to take steps to make the social support system more targeted.

First, the government should stop paying benefits for families of those citizens whose merits have been distinguished by the state: The assistance should be provided just for these citizens and not for their relatives (Heroes of Russia, veterans of the Great Patriotic War, etc). Second, the Cabinet should refuse to pay money to those who work in harmful conditions or who may suffer from radiation, as these groups of people should receive free medical treatment.

Third, civil servants and young researchers should not be given monetary benefits to buy real estate: These social categories should be provided with subsidized mortgage loans in and of themselves.

In the medium-term, the government should establish a universal targeted social assistance based on means-tested principles. Will the Cabinet hunker down and do this? Doing so will help soften the blows of the crisis. The decision, however, is all a matter of political choice.

Vladimir Nazarov is director of the Financial Research Institute of the Russian Finance Ministry. Olesya Feoktistova is a senior fellow of the Center of Budget Policy at the Financial Research Institute of the Russian Finance Ministry.

*The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.*

Original url:

<https://www.themoscowtimes.com/2015/08/30/who-really-needs-social-assistance-in-russia-a49237>