

# Russia: economic marginalisation

*Oxfam GB*

## Context

Oxfam works in five small to medium sized towns in Central Russia including Rybinsk, 400km from Moscow. In the early 1990s, Rybinsk, like many other small cities, suffered economic collapse and as a result, many people lost their jobs and had difficulty adjusting to massive change.

In Rybinsk, as elsewhere in the country, there has been substantial economic growth and as a world economic heavyweight, Russia has joined the G8. Despite this, the strengthened economy has left many people out: on average one in six people live below the poverty line. In some regions, this figure rises to 40% or more. However, these figures are understated because many public sector employees in Rybinsk and other Russian towns are also among the working poor. In Rybinsk, focus group participants at an employment centre reported that, 'there are jobs, but it seems really difficult to get a job' – a common message coming out of meetings taking place in the five towns where Oxfam works.

Besides poverty, health, housing and communal services have suffered from under-investment following economic collapse. The most marginalised often struggle to access services due to lack of cash, disability, poor transport infrastructure or inability to register as a resident of Rybinsk. There are also a significant proportion of 'working poor' and people in unstable work. Public sector workers' wages often fail to cover basic needs.

During focus group discussions, residents described Rybinsk as a 'small town where nothing happens.' 'There is nothing to keep people active and many use drugs.' 'It's impossible to find yourself here.'

## Oxfam GB and partner roles

Oxfam works with the Women's Microfinance Network to support people plunged into financial poverty following economic reform, to access financial and non-financial support to earn a stable income and re-establish themselves. Both Oxfam and Women's Microfinance Network work with local government to nurture an environment conducive to the growth of small business in job-creating sectors and to leverage change at the Federal level.

Oxfam now works with Rybinsk and other municipalities and the social sector to address issues of social exclusion that are linked to poverty.

This case study was written as a contribution to the development of *From Poverty to Power: How Active Citizens and Effective States Can Change the World*, Oxfam International 2008. It is published in order to share widely the results of commissioned research and programme experience. The views it expresses are those of the author and do not necessarily reflect those of Oxfam International or its affiliate organisations.

## Physical appearance

One of the challenges of working in the Russian context is that poverty may be invisible. As a result of extreme cold, at the severest time of year, malnutrition, illness and financial poverty may be hidden behind closed doors. In Rybinsk and other towns where Oxfam works, there are decaying remnants of once great industries that employed much of the urban population - in the case of Rybinsk, an engine factory. Many small shops struggle to survive although sales of alcohol and slot machine use - amongst both young and older people - have never been greater as people gamble out of desperation with their fate.

## Direct quotes from focus groups with single mothers and with job seekers

- Svetlana, single mother and focus group participant at start of session: 'I don't think I am someone that you want to speak to I don't know much...'
- Single mother and benefit claimant: 'I don't want to stand in this [benefits] line and in fact I resisted for the first year, but what can I do...?'
- Single mother and benefit claimant: 'Doctors treat patients who need free healthcare very badly. You can queue up when the surgery opens and may not receive a token (for free treatment) all day. You need to pay 250 roubles to go to the doctor and if you can't pay you will probably be told to go away! My mother waited over 3 months to see a doctor for cancer treatment and would have had to pay out over 500 roubles to see a doctor straight away.'
- 'There are few men in town: most migrate to work, the others drink.'
- Middle aged male job-seeker: 'Some people look for opportunities, meet people, look for other work, always do something and when life knocks them back, they get up and carry on.' 'People need to have the opportunity to develop confidence. People need support to change and to be more mobile.'
- Woman job seeker: 'There are many people who cheat you here so many people stay in low paid or irregular jobs because they are scared...'
- Official in local government (later confirmed by teacher): 'there are bigger differences between rich and socially excluded than ever before. Some people do not have access to nutrition because they live in apartment blocks and there are many more incomplete families where children lack stability.'
- Teacher in school in *microraion* (an administrative unit within residential districts in many cities and towns in Russia and the former Soviet Union) just outside Rybinsk: 'Some families do not want to improve their situation; those who can improve are already those who are not disadvantaged. Many people still think that the government or someone else should bring them opportunities on a silver platter; they do not have the mentality to adapt.'

## The process and the results

'Poverty' officially didn't exist in the former Soviet Union and, according to official ideology; if someone was poor, it was considered to be their fault as it was deemed to be the result of 'anti-socialist' behaviour. Perhaps it is not surprising then that public attitudes towards poverty can still be quite punishing and that officials frequently focus on provision of services to particular groups such as 'veterans', without understanding the factors that increase people's vulnerability to poverty or having the capacity to address these factors.

Through its existing work in Russia, Oxfam identified that these misconceptions of poverty or lack of empathy with women and men living in poverty contributed further to the persistent exclusion of some women and men from the mainstream job market and from public service provision.

Oxfam and the local government have recently started to work together with partners in the social sphere to deepen understanding of the real human experience of poverty and the barriers and exclusions that correlate with poverty. The objective is to put these at the heart of decision-making

about pro-poor policy making and implementation and to support socially excluded groups to try out new ways of responding to their own needs.

According to World Bank research in the region, Russia and a selection of other former Soviet states, have the highest perceptions of vulnerability in the world; having grown accustomed to the state making important decisions in their lives, some women and men have not adjusted to seeing themselves as agents of their own changes. This tendency is exacerbated by a small proportion of officials who see this as a lack of willingness on the part of people living in poverty rather than knowledge of how to bring change about. Oxfam works with reformers in pilot municipalities to improve monitoring and relevance of responses to poverty and social exclusion, taking into account factors such as gender, disability, age, ethnicity, family breakdown and homelessness. In working with these groups, the programme team aims to nurture a 'can do' approach amongst beneficiaries so that they feel able to work with government and NGOs to affect change in their own lives.

## Lessons

- Macro-economic growth does not necessarily lead to increased wealth for people living in poverty because of the particular barriers that exist for these groups in the first place. When wealth is created, private sector, governments (and NGOs) may need to consider how this benefits the most marginalised.
- Poverty tends to be understood in very technical ways that are divorced from the real barriers and constraints of people's lives. Analysis of poverty tends to focus on economic issues or single barriers rather than recognising the many barriers that come together in the experience of a single person. As a result of this, poverty responses rarely address the barriers to well being presented by someone's environment, identity or self-limiting beliefs about themselves and the world around them. Self-limiting beliefs have been a key factor in the experience of poverty in Russia and other parts of the former Soviet Union where according to recent World Bank reports, there are some of the highest 'perceptions of vulnerability' in the world. A multi-deprivational and dynamic approach to understanding poverty is needed that takes into account the effects of beliefs and values as well as the social and physical barriers that face particular social groupings interacting with economic constraints.
- Traditional economic theories of development often leave out significant in-kind resources. Access to a small allotment or interest free loans from relatives may for example make the difference between going hungry or not.

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