

Operates since 1995

Total investment of donor community since 1995: USD 28.8 million

Total number of community projects supported (since 2002): 516

Expert and support capacity:
30 full-time project staff

Local partners:

ARC Verkhovna Rada (regional parliament), ARC Council of Ministers (regional government), relevant ministries, district and local authorities and councils, NGOs

Areas of intervention:

- Social mobilisation
- Decentralization of public services
- Tolerance and whole-school approach
- Rural economic development models
- Strategic planning for rural districts
- Situation monitoring & early warning system

The CIDP Analytical Group

Formed in 2008, comprises 2 analysts and 2 research assistants

Produces monthly, quarterly and annual monitoring reports, thematic reports, analytical briefs

Supports Human Security Council under the ARC Verkhovna Rada Speaker

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CRIMEA ANALYTICAL BRIEF

August-September 2009

Issue focus: Poverty in Rural Crimea

Facts at a Glance*

CRIMEAN INDICATORS AND TRENDS	
ECONOMY	
Gross Regional Product	Increased by 5.7% in 2008. No data for 2009. Ukraine: -17.8% in the 2Q 2009, compared to 2Q 2008; -20.3% in 1Q 2009
Inflation	11.7% for the period January-August 2009. Tempo is lower than in 2008 (17.7% for the period January-August 2008)
Industrial production (growth in percent)	-24.6% for the period January-August 2009, compared to Jan.-Aug. 2008
Agricultural production (growth in percent)	5.7% increase in January-August 2009, compared to January-August 2008
Export of goods and services	USD 280,783 thousand in January-June 2009; growth: - 23.9% compared to the January-June 2008
Foreign investments	USD 673,256 thousand for January-June 2009; growth: - 16.6% compared to January-June 2008
SOCIETY	
Population	1,966,152 as for 1 August 2009; decrease by 0.1% or 2,278 people since 1 August 2008
Demographic net balance (deaths-births)	-3.4 persons per 1000 in January-July 2009 (-5.2 in Jan-Jul 2008); growth rate: 2,079 people or 35.2% compared to January-July 2008
Life expectancy (annual indicators)	68.05 years in 2008 (67.96 in 2007); men – 62.17, women – 74.01
Employment	60.0% of population is able to work in January-June 2009, compared to 60.4% in January-June 2008 (decrease by 15,600 persons)
Average nominal wages	UAH 1,766 in August 2009, compared to UAH 1,679 in August 2008; growth rate: 5.2% or UAH 87 per year
Unemployment (ILO methodology, annual)	7.0% of economically active population in January-June 2009, compared to 4.8% in January-June 2008
New housing	112,500 m ² in January-June 2009; growth by 9.6% as compared to January-June 2008
Tuberculosis (new diagnosis)	87.0 per 100,000 people in 2008, compared to 85.4 in 2007 and 85.1 in 2006; 1,706 new TB diagnoses in 2008 (1,678 in 2007);
HIV/AIDS (new diagnosis)	51.3 per 100,000 people in 2008, compared to 49.1 in 2007. 1,005 new diagnoses in 2008 (964 in 2007; 805 in 2006).
Alcoholism (new diagnosis)	104 per 100,000 people in 2008, compared to 114 in 2007 (109 in 2006). 2,035 new diagnoses in 2008
Drug abuse (newly registered)	12.9 per 100,000 people in 2008, compared to 7.1 in 2007 (11.0 in 2006). 253 new diagnoses in 2008 (140 in 2007, 216 in 2006)

* based on the latest statistics available as of October 2009

Current Issue

This issue provides an insight into the problem of poverty in Crimea, and presents adaptation strategies resorted to by the Crimean population to cope with this phenomenon.

The data for analysis were obtained through a representative research, conducted by UNDP CIDP in May 2009, in accordance with the adapted World Bank Living Standards Measurement Survey methodology. 2,837 respondents from 14 Crimean districts were surveyed in total, with a sample error of 2% for the whole population of 14 districts, and of 7% for a single district.

However, survey results should not be extended to the whole of Crimea: in its research and analysis UNDP CIDP intentionally covered only rural areas (districts), as opposed to urban territories (municipalities). In districts, rural population constitutes 77% (Crimean average is 37%), and is deemed to have significantly lower living standards than urban residents. Thus, the survey was conducted in the context of UNDP CIDP's interventions to support rural development, peace and stability in Crimea.

Poverty in rural Crimea

By Kurtmolla Abdulganiyev

Introduction

Poverty is undoubtedly one of the main problems of human development on the globe. After the collapse of the Soviet Union and consequent deterioration of social conditions, it became a serious concern in Ukraine. In the 1990s, Ukraine poverty indicators grew every year reaching, at some point, a maximum of nearly 90% of population having income below the subsistence level (reduced to 37.6% in 2007)¹.

In Crimea, poverty remains a sad reality for many citizens. A special study, carried out this year by UNDP CIDP in rural districts of the peninsula, took stock of the major trends and indicators of people’s wellbeing, as well as the main factors associated with poverty. It also tried to outline behaviours adopted by rural residents to cope with poverty. The study attempted to catch both objective and subjective indicators of poverty, as well as present variables which give an overview of population’s lifestyles. Moreover, the description of the objective poverty level included absolute and relative poverty distribution in Crimea.

Rural areas are traditionally considered to be the most depressed in the region. The study proved this fact, and went beyond: its main concern was to identify differences among various ethnic and social groups in rural areas. Moreover, a comparative distribution of poverty levels among particular districts was done for the first time.

Poverty in Crimea – absolute and relative levels

In absolute (monetary) terms poverty in Crimea presents the following indicators:

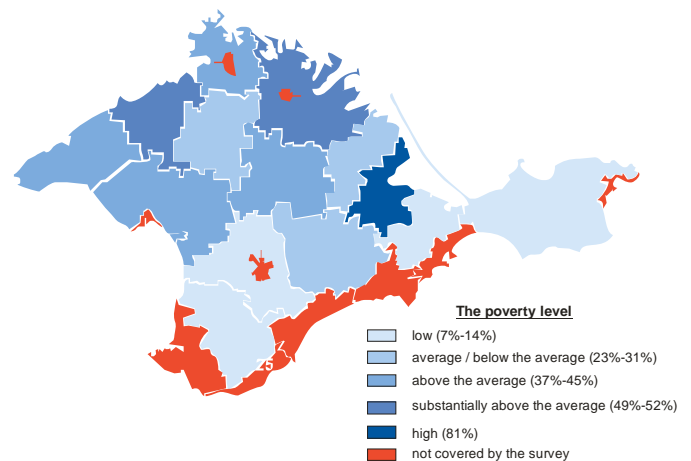
- 40.1% of Crimean households have monthly income below the official poverty line (UAH 626 for able-bodied). Yet, they are 43% in rural areas, and 29% in urban areas. The average combined monetary income per capita amounts to UAH 726 (ca. USD 90 at the time of the survey), indicating a Crimean average of only UAH 100 above the poverty line. The average consumption expenditures made up UAH 772 (758 in rural vs. 882 in urban areas). Being higher than the average income, the consumption indicator shows that a part of consumed goods is produced by families themselves.
- 40.2% of families’ money expenditures goes to food (39.3% in rural vs. 42.7% in urban areas). Within the aggregate consumption, food represents 57.2% (58.8% in rural and 52.3% in urban territories) of household budgets.
- The main sources of monetary income are salaries and business (entrepreneurial) activities (58.9%), and pensions (29.5%).

However, absolute poverty may tell nothing about the real situation, while the gap between the poorest and the richest may be enormous. The main concern of the study was to see how differentiated the Crimean society is, and which groups

are the most vulnerable. To this effect, the study divided respondents into 10 even categories (deciles) according to their consumption expenditures. The standard methodology, adopted by many research institutions to estimate relative poverty, regroups the lowest 30% as the poorest population, another 40% as the middle-wealth population, and 30% as the group having consumption level above the average.

The results of poverty distribution by districts are shown in picture 1. The lowest poverty level was determined in Bakhchisaraysky, Simferopolsky, Kirovsky and Leninsky districts. The district displaying the highest poverty level is Sovetsky. The map shows that northern rural Crimea is particularly affected by poverty.

Picture 1 - Poverty distribution in Crimean districts - Source: UNDP CIDP Report “Living Standards in 14 districts of the ARC”, 2009



Household characteristics and poverty

Poverty is closely linked to household and individual characteristics. However this link is only a correlation, not causality: poverty and household/individual characteristics are rather intertwined and mutually dependent.

As table 1 below shows, the difference between rural and urban areas is quite evident in Crimean districts. Although the study did not cover big cities and South Coast areas (richer parts of Crimea), it registered 5% more poor families in rural areas than in urban territories: 31 vs 26.

Table 1 - Comparison in rural and urban areas - Source: UNDP CIDP Report “Living Standards in 14 districts of the ARC”, 2009

	Rural	Urban	Total
The poorest households	31.2%	26.0%	30.0%
Middle-wealth households	40.0%	40.0%	40.0%
Above the average wealth households	28.9	34.0	30.0%

Another strong correlation concerns the number of children in the family, and the (financial) load on one working person. For instance, while 50% of families with 2 children are in “the poorest” category, 72% of families with 3 or more children got into the same category.

Logically, the most vulnerable households are those having more members – 59% of 5-member households are among the poor. Household poverty increases significantly when

¹ UNDP CIDP Annual Monitoring Report 2008, p. 94.

the load on one working person in a family is over 2.0 (36% are in “the poorest” group), and especially over 3.0 (50%).

Table 2 - Poverty distribution depending on number of children in a household - Source: UNDP CDP Report “Living Standards in 14 districts of the ARC”, 2009

	Average consumption per capita, UAH	Poorest	Middle-wealth	Above average	Poverty risk
Childless	868	22%	39%	39%	0.7
1 child	649	39%	43%	18%	1.3
2 children	536	50%	45%	5%	1.7
3 and more children	447	72%	24%	4%	2.4
With child(ren) under 6	582	48%	43%	10%	1.6

Working persons are thus often unable to provide satisfactory living standards for their dependants. Employment of even both parents does not guarantee a decent life of families with children, while families with all adult members and having income are least threatened by poverty. Interestingly, the presence of retired persons (pensioners) does not negatively influence families’ wellbeing. It might even do the opposite: only 20% of households with pensioners are among the poorest, while 43% are in the “above average” group.

Table 3 - Poverty distribution and number of pensioners in household. Source: UNDP CDP Report “Living Standards in 14 districts of the ARC”, 2009

	Average consumption per capita, UAH	Poorest	Middle-wealth	Above-average
Without pensioners	754	31%	42%	27%
Pensioners and non-pensioners	672	39%	39%	22%
Only pensioners	899	20%	37%	43%
Households with pensioners under 75	808	30%	37%	34%
Households with pensioners over 75	743	28%	42%	30%

Another conclusion is that a significant share of Crimean children lives in poverty: 50% of children under the age of 17 live in households with poor living standards. This also means that they have limited capacity to improve their living standards in the future. This is an issue that merits a more focused attention of the State and international organisations.

Individual characteristics and poverty

Poverty in Crimea clearly correlates with several social characteristics of individuals. First of all, it correlates with education: the higher education you have the less are your chances to find yourself among the poor. Those with only primary or unfinished secondary education are the first candidates (33%) for the poorest group. Education also

strongly correlates with individual income – a higher level of education means higher average income.

Second, people’s employment significantly correlates with poverty. 49% of unemployed and looking for a job are in the poorest cluster of Crimean population. Naturally, the most stable welfare is associated with those who have their own business – only 18% of such people are poor.

From the ethnic perspective, Crimean Tatars are somewhat poorer than other ethnic groups: 42% of Crimean Tatars live in poverty against 39% of Ukrainians and 34% of Russians. This is mainly due to typically bigger families and more children in one family, while the average income of one working person is higher in Crimean Tatar families. To compare, the average number of household members in Crimean Tatar families reaches 3.67, while the same indicator for Ukrainians is 2.71 and 2.61 for Russians. At the same time, in Crimean Tatar families the proportion of non-working to working members equals 1.84, while in Ukrainian and Russian households it is lower - 1.58 and 1.13 respectively. It is also worth mentioning that, in studied districts, 80-82% of Crimean Tatars and Ukrainians and only 75% of Russians live in rural areas.

Interestingly enough, to conclude with individual characteristics, there is no significant differences in home equipment ownership among groups. Possession of TV sets, washers, mobile phones is virtually similar for all.

Subjective perception of poverty

Alongside with the described objective indicators of poverty, the study also considered subjective feelings of respondents. Not surprisingly, Crimeans are dissatisfied with their living standards: 44% of respondents believe that their income is below average. Only 3% of respondents stated that their income was above average.

70% of Crimean districts’ residents could not make savings during last year, 14% could save up to 10% of their income, and only 3% could afford greater savings. Only 5% of the poorest group could make savings under 10% of their income, while this indicator for the “above average” group amounts to 26%. In other words, the bulk of Crimean population is not able to make savings. This brings instability to many household budgets, and makes them sensitive to any changes in employment or prices.

Poverty leads people to believe in their incapacity. 72% of the poorest households believe that they cannot afford “putting aside for a rainy day”, 71% cannot leave their district to visit friends or for leisure, 68% cannot afford house refurbishment. Half of the poorest believe they and their children cannot obtain good education, while 43% do not have access to quality medical services. All in all, 53% of the poorest families declare that they cannot have a “normal life”.

As to the quality of nutrition, Crimean population assesses it rather low: 7% declare to have malnutrition, 43% are “not starving, but have extremely monotonous (unvaried) food”. “Normal nutrition” is accessible to 39% of households, and “good” – to 10%. Bad nutrition is markedly a characteristic

of the poorest group: 11% reported malnutrition, and 50% referred to unvaried food.

Current situation and future perspectives concerning welfare are gloomily perceived by respondents. 57% of them confirmed reduction of family incomes within the last year (only 2% have increased income), while 40% expects their families' situation to deteriorate in the upcoming year.

Coping-with-poverty strategies

The most important question of the study concerned adaptation schemes used by households to deal with financial difficulties. The questionnaire proposed several strategies: from "opening business" and "improving qualifications" to "borrowing money" and "selling personal stuff or property to make both ends meet" (see table 2).

Results show that, as a rule, richer households tend to apply active "resource making" strategies to deal with welfare problems. Households with average and above-average living standard try to open their own business (3.6% vs. 0.6% among the poorest), undertake commercial activity (17.5% vs. 5.5%), enhance qualifications or acquire a new profession (11.6% vs. 3.1%). The poorest households tend to resort to depletive "resource consuming" strategies which cannot be efficient in the long-term: 70% of poor households cut down on expenses or do without necessary foodstuff, clothing or medicine (ca. 53.7% in above-average group). 46% of them borrowed money, and 32% delayed rent and communal services payment.

Picture 2 presents strategies adopted by particular living-standard groups to cope with income problems.

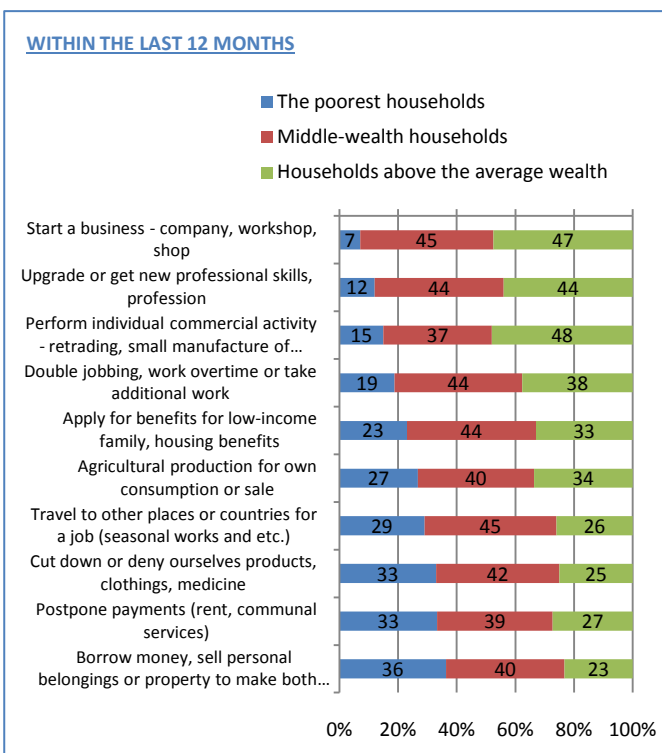
Conclusions

The study carried out by UNDP CIDP allows concluding that poverty remains a major problem on Crimean peninsula. Large shares of population live under the poverty line, with

little prospects to improve their wellbeing in the nearest future.

As most employed people cannot sustain their families and a

Picture 2 - Weight (share) of living standard groups in adopting various coping-with-poverty strategies (sorted by decreasing efficiency).
Source: UNDP CIDP Report "Living Standards in 14 districts of the ARC", 2009

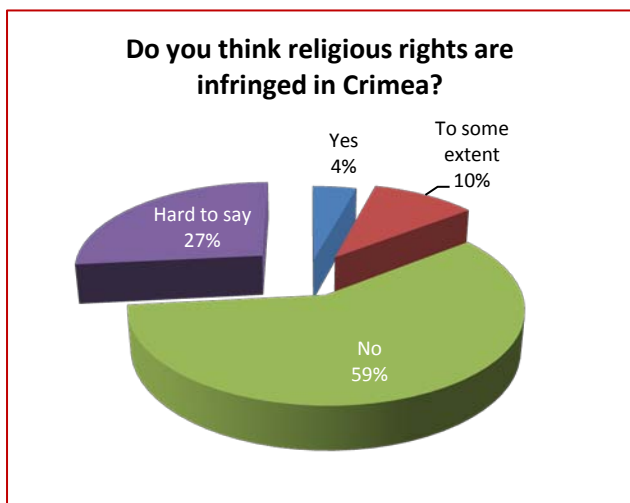


large part of children is threatened by poverty, the State should consider complex undertakings that would improve the situation of larger families. Moreover, villages being more vulnerable than urban territories, social policies should focus on rural areas exposed to greater poverty risk.

Questions or comments on this article can be sent to: kurtmolla@undp.crimea.ua

VOX POPULI

Picture 3 - Distribution of answers to the question: "Do you think religious rights are infringed in Crimea?" Source: UNDP CIDP survey among 1200 Crimean residents, August 2009.



Crimea is a diverse religious mosaic with 50 religions and religious movements in total. Two main confessions are Orthodox Christianity and Islam.

The role of religion in private and public life increases over time: according to the August 2009 UNDP CIDP survey, 74% consider themselves as believers (14% do not believe, and 11% did not answer), and this percentage has increased over the last two decades (e.g. 68% in 2002). After years of Communist persecution against religion, most people can openly practice their religions. This was proved within the UNDP CIDP representative survey: only 4% of Crimeans think that religious rights are violated in Crimea, 10% of respondents perceive some problems in respecting religious rights, and 59% of respondents think that there are no violations of religious rights.

Announcement: The next issue of the Analytical brief will be dedicated to the results of an analysis of gender balance and gender issues in Crimea. Expected date of publication: around 15 December 2009.