A new social protection model in the CIS countries: from social assistance to labour activation

Presented at the International Symposium “Social Protection Systems – Tying the Knots”

Bonn, 5-6 September 2016

by

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# Table of Contents

Abstract ............................................................................................................................ 3  
Keywords .......................................................................................................................... 4  
1 Introduction .................................................................................................................. 5  
2 Economic growth, poverty and unemployment in the CIS countries ......................... 7  
3 The social protection system in the CIS countries ......................................................... 14  
4 Labour activation in the CIS countries ......................................................................... 19  
5 Discussion .................................................................................................................... 28  
6 Concluding remarks .................................................................................................... 32  
References ..................................................................................................................... 35
Abstract

While within social protection debate, considerable attention has been paid to advanced welfare states and increasingly to countries in the Global South, the new independent states of the former Soviet Union have remained relatively neglected, with limited data available about transformations in the social protection system in these countries. The current paper aims to fill a gap in this area by examining the nature of the social protection model in post-Soviet Russia, Belarus, Kazakhstan, Kyrgyzstan and Uzbekistan, and discussing the impact of relevant measures on poverty reduction in these settings.

The study asks the following questions: (i) What policy innovations have occurred in social protection in these countries, and what have been the drivers of such policy change? (ii) How have social protection measures been implemented, and what effects have they had on poverty reduction? (iii) What explains the diverse measures undertaken by respective governments and the outcomes achieved?

Post-communist transition involved the installation of a new welfare and social protection system. The Soviet universalist principle of providing assistance had been largely replaced in favour of means-tested support targeting the most needy groups in Central Asian Republics and more recently in Russia and Belarus. Responsibility for supporting society shifted away from the state to families themselves (Dugarova 2016a). As a result of economic growth in the 2000s and investments in the social sphere, poverty has been decreasing steadily during this period. In recent years, however, due to economic downturn there has been a reversal or slowdown in the poverty reduction trend in the region. To address poverty more effectively, the countries under examination have adopted a new approach to social protection that entails transition from social assistance to the activation of citizens’ labour potential and the development of their economic independence (Dugarova 2016b). This move entails the implementation of active labour market programmes which vary in scope, focus and outcomes across the countries.

While the social protection measures aimed at labour activation have contributed to the improvement of living conditions of many families in these countries, they have been insufficient to eradicate poverty. In fact, a majority of those living below the poverty line in the region are employed (UNICEF 2015), whereas jobs are often low-paid and low-quality
with no social security. The paper therefore concludes that increasing productive potential alone is unlikely to lift people out of poverty and a comprehensive set of measures in labour market, education, health and other services are needed.

**Keywords:** social protection, social assistance, active labour market policies, poverty reduction, productive employment, transition, CIS countries, Russia, Belarus, Kazakhstan, Kyrgyzstan, Uzbekistan
1. Introduction

Social protection has emerged as an important strategy to protect people from livelihood risks and reduce vulnerabilities, while developing human capital and encouraging economic growth (UNRISD 2010). The social protection system involves three core types: (i) social insurance which mitigates risks associated with sickness, unemployment, disability and old age (pensions, health or unemployment insurance); (ii) social assistance to vulnerable individuals or families to help them combat poverty and deprivation through the provision of resources, cash or in-kind, and services (disability benefits, single-parent allowances, food aid); and (iii) labour market interventions to promote employment, which can be passive (focused on financial support of the unemployed such as unemployment benefits) or active (aimed at reducing unemployment through, for example, job training). All these social protection measures have been recognized by the 2030 Agenda for Sustainable Development as a key tool in ending poverty.

Post-communist transition involved the installation of a new social protection system. The Soviet universalist principle of providing social protection had been largely replaced in favour of means-tested assistance targeting the most needy groups in Central Asian republics and more recently in Russia and Belarus. Responsibility for supporting society shifted away from the state to families themselves (Dugarova 2016a). As a result of economic growth in the 2000s and investments in the social sphere, poverty has been decreasing steadily during this period. In recent years, however, due to economic downturn there has been a reversal or slowdown in the poverty reduction trend in the region. To address poverty more effectively and improve the living standards of the population, the countries under examination adopted a new approach to social protection that entails transition from social assistance to the activation of citizens’ labour potential and the development of their economic independence.

While within the scholarly and policy debate on social protection and poverty reduction, considerable attention has been paid to advanced welfare states and increasingly to countries in the Global South, the countries in the Commonwealth of Independent States (CIS) have remained relatively neglected. Much of the literature on post-communist countries focused on issues of political and economic transitions, regional security and geopolitics, with only a few studies so far having specifically examined social protection measures and their impact on poverty (Gassmann 2011; Dugarova 2016a, b; Hoelscher and Alexander 2010; Kuddo 2009;
Kudebayeva and Barrientos 2013; Milanovich 1993, 1995; Oxfam 2012; Prokofieva et al. 2012; Schwegler-Rohmeis et al. 2013). The current paper aims to fill a gap in this area by examining the nature of the social protection model in post-Soviet Russia, Belarus, Kazakhstan, Kyrgyzstan and Uzbekistan with the focus on social assistance and labour market programmes, and discussing their impact on poverty reduction in these national settings.

In economic terms, Russia, Belarus and Kazakhstan are classified as upper middle-income countries, while Kyrgyzstan and Uzbekistan are lower middle-income countries. Among these, Russia and Kazakhstan are economically most advanced in the post-Soviet space, primarily thanks to their oil and gas resources, while Kyrgyzstan is considered one of least developed economies in the region. In contrast to Russia and Belarus, a large part of Kazakhstan’s economy is still based on livestock, while agriculture constitutes a major component of the economic development in Kyrgyzstan and Uzbekistan, along with their abundant mineral reserves. All these countries were once part of the Soviet welfare system, but since its collapse they undertook diverse measures to address emerging economic and social challenges and build a new social protection model, which resulted in somewhat different outcomes.

The study thus asks the following questions: (i) What policy innovations have occurred in social protection in these countries, and what have been the drivers of such policy change? (ii) How have social protection measures been implemented, and what effects have they had on poverty reduction? (iii) What explains the diverse measures undertaken by respective governments and the outcomes achieved?

In what follows the paper will provide a brief overview of the economic and social transformations that the CIS countries under examination have undergone since the dissolution of the Soviet Union, providing relevant indicators on economic growth, poverty and unemployment.¹ Section 3 will focus on the examination of the social protection system

in these countries followed by a review of major labour market programmes that are currently implemented by respective governments. The impact of these programmes on poverty reduction will be discussed in section 5, with some policy suggestions provided in the final section.

2. Economic growth, poverty and unemployment in the CIS countries

In the Soviet Union the state provided universal welfare, engaging in multiple roles as an owner of the means of production, the main employer and a provider of social protection (Deacon 1992; Fajth 1999; Milanovic 1993). The system of social protection included free education, health care, housing, childcare and pensions. Social programmes operated under the conditions of a full employment economy, where work was both a right and an obligation. While some benefits and services were provided to certain categories including families with children, people with disabilities and those with special merits such as war and labour veterans, the social protection system focused on the population at large rather than on poor and vulnerable groups. Poverty and unemployment were officially non-existent and therefore there was no need to provide corresponding social assistance.²

Poverty

Following the collapse of the Soviet economy, the centralized social protection system in the countries under examination was broken. The reorganization of national social protection in the 1990s included the introduction of privatization and insurance mechanisms instead of state-funded social benefits, elimination of subsidy programmes, and decentralization of health and education. Drastic changes in economy and social protection in the 1990s resulted in sharp increases in poverty, deeply affecting the living conditions of the population in these countries. The decline in production and closure of many enterprises led to unemployment and a sharp contraction of labour demand, while low wages, particularly in agriculture and public sector, were not sufficient to sustain livelihoods. Responsibility for supporting families shifted away from the state to families themselves who had to rely on mutual assistance by

² Using a threshold of RUB 75 as the national ‘poverty’ line (which was the size of a monthly ‘living wage’), Atkinson and Micklewright (1992) estimated that around 31 million people, or 11 per cent of the total population of the Soviet Union, were poor in 1989.
intensifying intergenerational transfers (Dugarova 2016a). At the beginning of the transition, the CIS countries under consideration were characterized by declining fertility and high mortality, which led to a natural decline of the population throughout the 1990s, notably in Russia, Kazakhstan and Belarus (table 1). These demographic trends have to a certain extent shaped the nature of the social protection of families in these countries which focused on encouraging women to have children.

Table 1 Population in selected CIS countries (millions)

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Source: UN DESA (2015a)

State actions in the area of social protection during this period came down to reactive measures for addressing the most acute problems through social benefits for selected groups in most parts of the region. The de facto government support declined, with limited spending on social assistance. In Russia, for example, while the share of expenditure on family benefits as a share of GDP was around 2 per cent in 1990, it declined to 0.8 per cent in 1995 and further to 0.2 per cent in 2005. The measures taken thus had a modest contribution to reducing poverty and were insufficient to protect the population in the 1990s.

From the early 2000s up until the 2008 global economic crisis, oil and energy producer countries Kazakhstan and Russia and the oil reseller country Belarus experienced rapid economic growth (figure 1). This increased governments’ revenues, enabling not only the payment of salaries, pensions and family benefits but also their enhancement (Government of Russia 2012; Kudebayeva and Barrientos 2013). Uzbekistan undertook a number of

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3 Among the countries under examination, Russia has the largest population, while Belarus and Kyrgyzstan are the least populous nations. At the same time, the population density is among the lowest in Russia and Kazakhstan, constituting 8.8 and 6.5 people per square kilometre, accordingly, making them one the world’s most sparsely populated countries, which is in contrast to 46.8 people per square kilometre in Belarus, 31.0 in Kyrgyzstan and 70.3 in Uzbekistan (UN DESA 2015a).
reforms in the economic and social spheres during this period, focusing on the development of small businesses and private entrepreneurship and expanding investments in the social sphere (CER 2015). Despite poor economic performance in the 1990s, the economy of Kyrgyzstan started to recover in the 2000s driven by the development of the private sector including entrepreneurial activity and private farming, and rapidly growing commercial services such as trade and tourism (Mogilevsky and Omorova 2011).

Figure 1 GDP per capita in selected CIS countries, 1991-2015 (current US$)

As a result of these developments, poverty has been decreasing steadily since the 2000s in these countries, albeit at a different pace (table 2). In Russia, the official poverty rate fell from 29 per cent in 2000 to 10.7 per cent of total population, or 15.4 million people, in 2012.

4 The national data on poverty should be treated and compared with caution due to different definitions of poverty, its measurements and methodology, as well as population coverage in these countries. People are considered poor or ‘low-income’ in Russia and Belarus if their per capita income (or in the case of Russia, per capita disposable resources that include financial and natural resources) is below the national poverty line, which is equivalent to the minimum subsistence level. In Kazakhstan, the poverty line is set at 40 per cent of the national subsistence minimum. The poverty line in Kyrgyzstan and Uzbekistan is calculated based on the minimum consumption standard. Furthermore, the government data can often be manipulated so as to provide a better image of the country and minimise social expenditure, and thus do not necessarily reflect the real situation with poverty. In Kazakhstan, for instance, while according to official sources the population with income below the subsistence minimum accounted for 8.2 per cent in 2009 and 2.5 per cent in 2015, other sources estimated the proportion of people living in poverty at 34 per cent and 20 per cent of the population, respectively (Aliev 2015; UNICEF 2015b). Despite varying estimates, the trend of poverty reduction has been consistent regardless of the source.
In Belarus, the poverty rate reached its lowest level in 2014 since the dissolution of the Soviet Union, decreasing from 41.9 per cent in 2000 to 4.8 per cent in 2014. In Kazakhstan, it fell dramatically from 44.5 per cent in 2002 to 2.5 per cent in 2015, while in Kyrgyzstan, it declined by nearly half from 62.6 per cent in 2000 to 30.6 per cent, or 1.8 million people, in 2014. In Uzbekistan, while in the early 1990s nearly half of the population lived below the poverty line, the situation improved by the late 1990s, with the poverty rate declining to 19.1 per cent in 1998 and further to 13.7 per cent in 2015.

Table 2 Poverty rate in selected CIS countries, in %

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5 Kyrgyzstan also assesses extreme poverty, which is currently set at the rate of KGS 1,466 per capita per month. It declined from 5.3 per cent in 2010 to 1.2 per cent, or 71,000 people, in 2015, the majority of whom live in rural areas. The extreme forms of poverty, if estimated by the international standard of USD 1.25 per day, or USD 1.90 since 2015, are virtually non-existent today in Russia, Kazakhstan and Belarus (Aliev 2015; Novoselova 2005; Oxfam 2012). It is clear that the state of poverty by international standards can differ from the real situation and should be interpreted carefully. In Russia, for instance, the percentage of the population living on less than USD 2.50 a day was estimated at 0.1 per cent in 2012, but the share of families with children in the total number of families with incomes below the subsistence minimum accounted for 62 per cent (Government of Russia 2014). People are considered extremely poor in Russia if the level of disposable resources is two or more times below the national subsistence minimum. While the Russian Federal State Statistics Service does not provide the number of people in this category, its data indicate that in the total number of extremely poor families, those with children under 16 accounted for 69 per cent in 2014.

6 The poverty rate corresponds to the proportion of population with income below the national minimum subsistence level in Russia, Belarus and Kazakhstan, while in Kyrgyzstan and Uzbekistan it comprises the population with consumption expenditure below the national poverty line. In 2016, the minimum subsistence level is RUB 9,776 per capita per month in Russia; BYR 175.5 in Belarus (a new value in view of the denomination of Belarusian ruble in July 2016); and KZT 22,859 in Kazakhstan. In Kyrgyzstan, the national poverty line accounted for KGS 2,485 in 2015, which corresponds to consumption expenditure per capita per month. In Uzbekistan, the poverty line is based on the cost of a food basket that guarantees a minimum calorie intake of 2,100 kilocalories per person a day.
In response to the 2008 global financial crisis, the countries under examination adopted a range of social protection measures to mitigate the impact of the crisis and support families. These measures included scaling up targeted social assistance to vulnerable groups, raising the value of family benefits, pensions, and wages in the public sector, and strengthening labour market policies through job creation and retraining programmes for the unemployed. Social spending in Russia and Kazakhstan, for example, were not affected by the 2008 crisis. The share of social expenditure as the percentage of GDP in the former even increased from 7.5 per cent to 12.4 per cent over the period of 2007–2010.

The fall in global oil prices in 2014 reduced growth prospects for the CIS countries. Amid budgetary constraints, respective governments enhanced targeted support to selected groups while preserving basic social guarantees. In particular, the Russian government reaffirmed its approach to social assistance based on the principle of targeting and means testing and undertook a number of austerity measures to “reduce inefficient spending”, including the reduction in the amount of social benefits or recipients. Kazakhstan and Uzbekistan increased key social payments including pensions, child allowances and salaries to state workers (by up to 28 per cent to those in health system, 29 per cent in education and 40 per cent in other areas in Kazakhstan and by 10 per cent on average in Uzbekistan). Kyrgyzstan raised the value of a guaranteed minimum income, while Belarus increased the size of family and child benefits.

These measures, however, have been insufficient to protect the population from the negative impacts of the economic slump. In particular, there has been a reversal or slowdown in the poverty reduction trend in these countries. In 2015, the Belarusian economy entered a recession for the first time since 1995 (World Bank 2016), and the proportion of people with income below the subsistence minimum increased from 4.8 per cent in 2014 to 5.1 per cent in 2015. In Russia, the poverty rate rose to 13.3 per cent in 2015, or 19 million people officially considered poor. In view of the fact that in the structure of the subsistence minimum in Russia 50 per cent is allocated to food, increased poverty can be partly explained by the food price
rise fuelled by the Russian ban on food imports and ruble devaluation in 2014. While food prices have been growing, real incomes have been declining, and as a consequence, the number of people living below the subsistence minimum has grown. As this outlook is subject to uncertainty related to oil prices and market volatility in the region, it is still premature to assess the long-term impact of the crisis on national economies and populations. It is nonetheless expected that the economic downturn will continue in the next couple of years in these countries (UN DESA 2015b), and the share of the population below the poverty line is likely to increase as a result.

*Employment*

The formation of the labour force in the CIS countries takes place in the context of demographic challenges, which include shrinking and ageing population in Belarus and Russia, growing working-age population in Kyrgyzstan and Uzbekistan, and low population density in Kazakhstan despite its continuous population growth over the past 15 years. Amid these different characteristics, the largest size of labour supply is currently available in Kazakhstan, with the labour force participation rate accounting for 71.2 per cent of the country’s working-age population in 2015. In the other four countries, it varies moderately between 63.5 per cent in Russia, 62.9 per cent in Kyrgyzstan, 61.8 per cent in Uzbekistan, and the lowest one in Belarus constituting 60.8 per cent in 2015 (ILO 2015).

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7 In all the countries under examination, the population aged 60 years or over has been increasing steadily over past decades, reaching 20 per cent of total population in Russia, 20.3 per cent in Belarus, 10.7 per cent in Kazakhstan, 7.1 per cent in Kyrgyzstan and 7.4 per cent in Uzbekistan in 2015, and is projected to increase further (UN DESA 2015c). The challenge of ageing in these national settings concerns not only the supply of workforce but also the provision of resources and care services to support the elderly, which has implications for the social protection system in the countries in question. In Russia and Kazakhstan, for instance, while the system of social care services for senior citizens has been rather underdeveloped, some steps are taken towards developing alternative forms of care for senior citizens and providing state support to families caring for the elderly, as well as creating private social care housing as an alternative to state institutions (Dugarova 2016a).

8 Between 1990 and 2015, the share of the working-age population saw a significant growth in Kyrgyzstan and Uzbekistan (driven by high birth rates notably in Kyrgyzstan), increasing from 57.4 to 64.4 per cent in the former and from 55.1 to 66.8 per cent in the latter. By contrast, the growth of the working-age population in Kazakhstan, Russia and Belarus was moderate, rising from 62.7 to 66.5 per cent, 66.8 to 69.9 per cent and 66.4 to 70.0 per cent, respectively, during this period (UN DESA 2015a).
The unemployment rate that reflects the share of unemployed people in the labour force was falling steadily in Russia and Kazakhstan since the late 1990s up until 2014 reaching 5.2 and 5.1 per cent respectively, while in Belarus, Kyrgyzstan and Uzbekistan, it remained relatively stable throughout the transition (table 3).9

Table 3 Unemployment rate in selected CIS countries, in %

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Source: ILO (2015), World Bank Indicators

The relatively low official unemployment rate in these countries, which may not necessarily reflect the real extent of unemployment, can be partly explained by the little incentive of the unemployed to register due to the low value of unemployment benefits. In Russia, for example, the minimum size of unemployment benefits amounted to RUB 850 rub and the maximum size to RUB 4,900 in 2015 (without increase since 2009), which accounted for 9 and 52 per cent of the subsistence minimum, respectively. Registered unemployment statistics is further distorted by the fact that income-earning activities, such as agricultural work or farming, are not considered to be a job in some of these contexts. Farmers cannot therefore be registered as unemployed, or cannot claim unemployment benefits since they lack social insurance record (Kuddo 2009). In Belarus, despite the low and stable rate of unemployment, vulnerable categories such as the long-term unemployed, young people, women on childcare leave and people with disabilities remain of particular concern, accounting for more than half of the total number of unemployed citizens (Government of Belarus 2015). As economic growth in the region has slowed down in the aftermath of the 2014 economic crisis, progress on reducing unemployment has stalled. A rise in unemployment in Russia and Belarus, for example, was accompanied not only by the reduction of jobs but also by the decline of wages. In the former, amid the rise in consumer prices, real wages declined by nearly 10 per cent,

9 In comparative terms, the unemployment rate varied from 4.6 per cent in Germany and 5.3 per cent in the United Kingdom to 10.4 per cent in France and 22 per cent in Spain in 2015 (OECD 2016).
while in the latter by 3.1 per cent, compared to their 2014 value (Government of Russia 2016; Regnum 2016).

3. The social protection system in the CIS countries

The social protection system has undergone considerable evolution in the CIS countries during the transition period. While all these countries reformed their social protection systems, some have remained with the initial mix of policies or redesigned specific programmes, whereas others reformed the whole system or experimented with different schemes (Hoelscher and Alexander 2010; Mitra et al. 2010). Kyrgyzstan, for example, introduced a guaranteed minimum income whose value has been gradually increasing, rising from KGS 310 in 2010 to KGS 810 in 2015, but still falling well below the poverty line (which amounted to KGS 2,485 in 2015). Uzbekistan revitalized and strengthened the traditional mahalla system, which provides decentralized benefit-targeting using local communities as the main vehicle of social assistance to the poorest groups (Alam and Banerji 1999). While Kazakhstan advanced substantially with pension reforms, with private pension funds accounting for nearly 45 per cent of all contributions, public social assistance transfers have been generally low and poorly targeted (Alam and Banerji 1999). In contrast to the Central Asian republics which introduced targeting in the early transition period, in Russia and Belarus the structure of the universalist system remained, and despite cuts of many benefits and in some cases means testing, all existing guarantees were initially preserved (Cook 2007; Pailhé and Sinyavskaya 2009). Recently, however, there has been a gradual and steady move towards targeted assistance to selected vulnerable groups rather than society at large in both countries. Among priority groups for social assistance in the region are large families and children, people with disabilities and the elderly.

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10 In Russia, this approach was reaffirmed in the 2015 federal law “On amendments to certain legislative acts of the Russian Federation in terms of improving the provision of social support on the basis of the targeting and means testing principle”, which introduced significant changes in providing assistance to families with children. If previously many social benefits were provided to all families with children, regardless of their social and economic status, now they have become available only to low-income families. This was further reasserted in the 2015 Message of Russian President to the Federal Assembly, in which he underlined the importance to support the most vulnerable groups and “finally move towards the fair principle of social support when it is given to those who really need it”. Child allowances, for instance, while originally seen as a universal income support measure, are now differentiated according to family income and the number of children. An exception to the targeted approach
The social protection system in the CIS countries has traditionally consisted of social insurance, social assistance and social services. Social insurance includes pensions, medical and work incidence insurance, as well as relevant benefits such as sickness or maternity benefits for contributors. Social assistance is oriented towards vulnerable groups and includes in-kind and cash benefits such as family and child allowances, social pensions, housing allowances and benefits for certain disadvantaged groups. Social services can include medical, education and food provision, as well as free transport services. While the state in these countries provided certain job security guarantees to its citizens since the early years of transition (through laws on employment in Belarus and the Russian Federation in 1991, in Uzbekistan and Kyrgyzstan in 1998, and in Kazakhstan in 2001) which included free vocational (re-)training, paid public works and assistance with job search, their scope remained limited. It is not until the late 2000s – early 2010s that these countries started to adopt active labour market policies (ALMPs) to enhance employment aiming to improve the living standards of the population.

In fact, governments’ emphasis on ALMPs can be seen as part of a shift that has recently taken place in the relationship between the state and society in these countries, which promotes partnership with the state rather than reliance on it (Dugarova 2016a). Within this arrangement, the state does no longer take the sole responsibility for providing support to society as it used to be the case in the Soviet past and instead encourages the development of the economic independence of families. This is implemented, for example, through a new system of social assistance in Russia and Kazakhstan, which makes provisions for mutual obligations between the state and citizens, as well as various employment programmes across the CIS countries aimed at stimulating productive employment of the population. The principle of self-responsibilization that underpins this relationship entails the move from a passive mode, i.e. ‘helping those in need’, to an active mode, i.e. ‘helping those in need if they help themselves’.

in Russia and Belarus is the Maternal and Family Capital Programme, as well as a number of child benefits (such as childbirth and childcare benefits), which being universal in nature are available to all families but are oriented towards increasing fertility rather than addressing poverty.

Dugarova (2016a) further maintains that the self-responsible approach to state social support in these countries somewhat resembles the European Union’s social investment approach in that social policy with a productive
In line with this approach, one of the major social protection programmes that is currently implemented in Russia is “Social support of citizens” (2013-2020) aimed at reducing poverty among low-income families who can receive support from the state if they are willing ‘to undertake active steps to overcome poverty’. Participants are provided with lump sum cash payments (amounting to RUB 35,000 on average) to increase their income. The support is provided on the basis of a social contract, which entails assisted job search, participation in public works, vocational training, self-employment and other activities that can help participants to overcome ‘a difficult life situation’. As part of the programme, 48,000 social contracts were signed in 2014, covering over 145,000 family members. As a result, an estimated 60 per cent of participating families increased their income by 1.5 times, and 40 per cent of low-income families with children are claimed to have improved their living standards. While this kind of social protection mechanism has provided an opportunity to improve the living conditions of many low-income families in Russia, it has not been effective in eradicating poverty and making families self-sufficient (Prokofieva et al. 2014). Most of the activities are in fact oriented towards supporting families in a difficult life period through the provision of domestic services, food, medical treatment and leisure rather than developing their economic activity. Furthermore, in some regions the payment hardly corresponds to the level of the subsistence minimum, whereas many targeted families have unemployed members such as children and the elderly who require care, and this constrains women’s participation in the labour market due to limited state care services.

To increase the competitiveness of the economy and improve the living conditions of the vulnerable population, the Belarusian government strengthened the targeted system of social protection through the 2012 Presidential Decree “On state targeted social assistance” intended for low-income groups. In 2015, over 250,000 people were covered by social assistance, which is nearly half of the total low-income population, with main beneficiaries being large and single-parent families. In view of the country’s sparse population, the social protection of families in Russia and Belarus are aimed at encouraging childbirth and reducing the costs of children. A notable example is the Maternal Capital programme in Russia (2007-2018) and the Family Capital programme in Belarus (2015-2019). Both programmes provide a non-cash factor has to enable families to take responsibility for their own well-being, primarily through their active participation in the labour market.
allowance to large families with children, regardless of family’s income status, which can be used for improvement of housing conditions, children’s education or as a contribution to a mother’s pension. In 2015, the value of the benefit constituted RUB 453,000 in Russia and USD 10,000 in Belarus. During the period of 2007–2015, 6.5 million families in Russia received the benefit, the vast majority of which were used for housing.

Since 2002, Kazakhstan has been carrying out the Targeted Social Assistance (TSA) programme, the country’s key anti-poverty programme focused on citizens with incomes below the poverty line. As the poverty has been declining steadily since the early 2000s, so has the number of recipients of the TSA. Over the past decade, the number of TSA beneficiaries decreased by 93 per cent, from 516,900 persons in 2005 to 38,200 in 2015. In 2014, the government of Kazakhstan enhanced the targeting of social protection measures by implementing a conditional cash transfer programme among low-income citizens based on the principle of mutual obligations. This implies strengthening citizen’s obligations to the state for the provision of state social assistance and activation of their working potential through, for example, the development of private farming or self-employment. In 2014, nearly 4,000 families participated in this programme, with a total of 20,500 individuals. The programme contributed to the improvement of living conditions of the low-income population, as evidenced by the increase of per capita income of participants by more than twice compared to the period prior to their involvement in the programme.

The government of Kyrgyzstan has also undertaken measures to support the most vulnerable categories of the population by implementing the “Programme on development of the social protection system of the population in the Kyrgyz Republic for 2015-2017” that implies the provision of quality social services and the increase in the size of social benefits. The number of recipients of state benefits as part of this and previous schemes has been decreasing steadily, falling from 510,600 in 2005 to 384,800 in 2015 (Government of the Kyrgyz Republic 2016a). In view of the poverty reduction trend in recent years in the country, this can point to the decreasing number of people in need of social assistance. At the same time, it can be the result of enhanced targeting of benefits implemented by the government as part of the programme. Furthermore, while the size of monthly benefits provided by the programme to low-income families with children increased by nearly 40 per cent constituting KGS 770 in 2015, its value is twice below the extreme poverty line, whereas the average amount of other
social benefits is nearly 12 per cent below the subsistence minimum level (Government of the Kyrgyz Republic 2015).

Within the framework of the state programme “The year of a healthy mother and a child”, the year of 2016 in Uzbekistan is focused on the support of families, mothers and children through the provision of social benefits, improving health services and overall living conditions of low-income beneficiaries. As of July 2016, over UZS 4.4 trillion were allocated to the implementation of the programme (Government of Uzbekistan 2016a), which is nearly twice the amount of expenditure on the 2015 programme under “The year of attention and care about the older generation” aimed at enhancing social protection of senior citizens.

It is certain that the social protection programmes implemented by the CIS governments contributed to poverty reduction in their respective countries (CER 2015, Mogilevsky and Omorova 2011; Schwegler-Rohmeis et al. 2013). However, they covered only a limited proportion of the population and had little sustained impact on poverty levels (Gassmann 2011; Roelen and Gassmann 2012; World Bank 2005). One of the key factors that can explain poor outcomes is the low government spending on social protection programmes and social benefits in particular. Russia, for instance, spent 11.9 per cent of GDP on social protection in 2014, Belarus 12.6 per cent in 2012, Kazakhstan 7 per cent in 2013, Kyrgyzstan 5.8 per cent in 2014, and Uzbekistan 12.8 per cent in 2014. The share of family benefits in GDP is even lower across these countries, constituting, for example, 0.8 per cent in Russia in 2014 and 1.1 per cent in Belarus in 2012. Another factor for poor results is the low monetary value of benefits compared to the income deficit of beneficiaries (World Bank 2005; UNICEF 2015a). A monthly childcare allowance, for example, in Belarus, Russia and Kazakhstan constitutes around 40 per cent of the average wage of a childcare worker (who is primarily a

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12 The data on spending on social protection should be treated with caution, as countries adopt different definitions and measurements of social protection. Social spending in the CIS countries is lower than in OECD countries which spent on average 21.6 per cent of GDP on social protection in 2014 and 2.55 per cent of their GDP on family benefits, with significant variations across countries (https://data.oecd.org/socialexp/social-spending.htm, accessed on 20 August 2016). For instance, public spending on family benefits is 4 per cent of GDP or more in Denmark, Ireland and the United Kingdom but is 1.5 per cent of GDP or less in Canada, the Republic of Korea and the United States (OECD 2015).

13 It is unlikely that social assistance benefits can create labour market disincentives in the CIS countries due to their low size and limited coverage (Arias and Sanchez-Paramo 2014).
Furthermore, the flawed design and administration of programmes result in their insufficient effectiveness due to a substantial leakage of funds and a large exclusion of the targeted population (Oxfam 2012; UNICEF 2015b). Nonetheless, without social assistance the situation would even be worse with higher poverty rates (Gassmann 2011). Despite their low generosity, social assistance transfers remain essential for poor families, as they can counter the uncertainty associated with earnings and compensate for costs, including those of childcare (Barrientos and Villa 2015). In Kyrgyzstan, for example, cash transfers account for 16 per cent in the structure of disposable income of the population (Government of the Kyrgyz Republic 2016b), thus constituting an important source of people’s livelihoods.

4. Labour activation in the CIS countries

Providing decent employment is the basis of social protection of the population and is often seen as an important condition for reducing poverty and a main means for improving the quality of life (ILO 2012). In international practice, productive employment is promoted through ALMPs that are used to increase employment opportunities of jobseekers and increase the earnings capacity of workers. There are three main types of ALMPs: (i) employment services such as job search assistance and information support that improve labour market regulation; (ii) training and retraining schemes that are designed to enhance relevant skills and increase labour supply; and (iii) employment creation through paid public works or wage subsidies that aim to increase demand for labour. In economic terms, the implementation of ALMPs can lead to increased labour activity, productivity and wages, while in social terms they can contribute to social inclusion and human capital development. While initially these programmes were carried out at times of economic depression and high unemployment, they are increasingly adopted to mitigate the negative impacts of industrial restructuring in countries with transition economies and integrate vulnerable groups in the labour market.

To address poverty more effectively and improve the living standards of the population through its economic self-reliance, the CIS states under examination recently adopted a new

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14 An average monthly wage of women constituted RUB 27,946 in Russia in 2014, BYR 6,027 million in Belarus in 2015, KZT 96,545 in Kazakhstan and KGS 9,732 in Kyrgyzstan in 2014. The Uzbekistan government currently does not disaggregate data an average wage by gender.
approach to social protection that entails transition from social assistance to the activation of citizens’ labour potential through the promotion of productive employment (Government of the Kyrgyz Republic 2013a). This move entails the implementation of various ALMPs which vary in scope, focus and outcomes across the countries.

Russia

The Russian government has implemented a number of ALMPs, as part of which it launched the “Promoting Employment” programme (2013-2020) targeted at young people, unemployed citizens, as well as those at the risk of dismissal. With a total estimated budget of RUB 579 billion, the programme is aimed at reducing tensions in the labour market and improving competitiveness and labour mobility of citizens. The key services provided by the programme include vocational training and further professional education, paid public works, promotion of self-employment, temporary employment for young people, professional orientation and social adaptation, and assistance with relocation of unemployed citizens and their families to another area to obtain employment. In addition, the government provides financial assistance including unemployment benefits, stipends during (re-)training, and pensions until retirement age. Every year 350,000 of unemployed citizens are estimated to receive professional (re-)training (G20 Task Force on Employment 2013). In 2015, state employment services received a total of 4.3 million applications from citizens seeking assistance in job search, of which 62 per cent were taken off from the register for the reason of finding employment.

To increase the labour productivity of the population and that of women in particular, the Russian government has also put efforts in creating favourable conditions for women to combine their childrearing responsibilities with employment. Among the measures introduced are ensuring the availability of preschool institutions, the use of flexible forms of

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15 Since the dissolution of the Soviet Union, the CIS countries faced an acute shortage of childcare facilities (Dugarova 2016a, b). The governments of Belarus, Russia, Kazakhstan and Kyrgyzstan implemented specific measures to address this issue and as a result saw an increase in preschools and the number of children attending them in recent years. In Kazakhstan, for instance, the actual coverage of children of preschool age accounted for 73 per cent in 2013, while in Russia the overall availability of preschools reached 95 per cent in 2015. These measures, however, have mainly targeted children aged three to seven years, with limited attention given to those under the age of three, that is when the paid childcare leave comes to an end. In Belarus, for example, although the coverage of children aged 3-6 years old in preschools reached 93 per cent in 2015, that of children
employment and remote employment, and vocational training for women during their childcare leave (amounting to a total of three unpaid years) to enable them to return to work and enhance their competitiveness in the labour market. In 2015, 17.8 thousand women on childcare leave completed vocational training (Government of Russia 2016).

Despite these promising results, not all indicators of the programme are being achieved as planned. One of them is equalizing the maximum amount of the unemployment benefit and the level of subsistence minimum of the working-age population. The value of the former has remained at the 2009 level, while that of the latter has been constantly increasing. Furthermore, there are still a large number of people who applied for employment assistance but were not able to find a job. The uncertainty of economic development in the country, negative consequences of economic sanctions and geopolitical tensions are among major macro factors that can explain the failure to achieve all the targets and the deteriorating situation in the labour market as a whole (Government of Russia 2016).

Belarus

Within the labour activation approach, Belarus has implemented the “State programme on social protection and the promotion of employment for 2016-2020”. With an estimated budget of BYR 23.9 billion, it is designed to stimulate economic activity, improve the competitiveness of the unemployed, and reduce imbalance between labour demand and supply.16 Similar to Russia, this is addressed through promoting self-employment, including entrepreneurial activities, relocation of the unemployed to a new place of residence and employment, professional training and paid public works. During the period of job search or training, unemployed citizens are provided with financial support including unemployment

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16 The labour market in Belarus is characterized by insufficient efficiency which is influenced by several factors: (i) imbalance between labour supply and demand caused by the lack of coherence in the education and labour markets; (ii) the excessive number of employees in enterprises; (iii) the poor quality of labour force; (iv) the low competitiveness of certain categories such as young people, persons with disabilities and women with small children; and (v) the lack of motivation to work (Government of Belarus 2016).
benefits, stipends, subsidies and compensation costs for the relocation. The programme also involves professional (re-)training for women (and men) on childcare leave and provides pregnancy and childbirth allowances. All these measures are targeted, taking into account the individual characteristics of citizens, their professional level and motivation, as well as the labour market situation in regions. On average, 300 thousand people annually apply for job assistance from employment services in Belarus. In 2015, 182 thousand people were registered as unemployed, of whom 60 per cent found employment.\textsuperscript{17}

In contrast to other CIS countries, Belarus is the only country in the post-Soviet space which introduced a tax on ‘parasitism’ through the 2015 Presidential Decree “On prevention of social dependency” aimed at reducing hidden unemployment and illegal labour activities, and stimulating active job search among citizens.\textsuperscript{18} According to the decree, citizens who have been unemployed for 183 days in a calendar year must pay a tax of 20 basic units where one unit amounts to BYR 210 thousand. Tax-exempt are people with disabilities, minors and seniors, as well as parent(s) with a child under the age of seven, a disabled child under 18, or three or more small children. Non-payment of the tax is penalized with a fine or community service. While the government justified this measure by the growing number of people in a grey market (that takes place amid economic downturn in the country and the increase of insurance contribution rates), the decree received various criticisms from local experts and NGOs who argue that it undermines the rights and freedoms of citizens and see it as a state intervention in private life. In particular, the decree contradicts several articles of the Belarusian Constitution. For example, while the state constitutionally guarantees the right to work and prohibits forced labour, the decree practically forces people to work. Also, by constitution, parents are entitled and obliged to care for their children, but the decree compels mothers to go to work once their child reaches seven years old thus preventing them from fully carrying out this duty. In a similar vein, a housewife can be considered a ‘parasite’ by the decree, which thus ignores care and domestic work carried out by women. Furthermore,


\textsuperscript{18} The Soviet ideology and policy of full employment did not recognize voluntary unemployment among working-age citizens. In line with this, ‘parasitism’ was criminalized in the Soviet Union and was punished by corrective labour and even imprisonment. ‘Fighting against parasites’ was carried out until the dissolution of the Soviet Union in 1991. Following the reintroduction of this measure in Belarus, albeit under less strict conditions, propositions were made in Russia to adopt a similar measure but it did not go beyond discussions.
people working in certain professions such as journalists, writers and artists may not be registered institutionally or as self-employed, but it does not necessarily mean that they do not work. The critics of the tax also claim that while this measure officially serves to reduce the scale of “social dependency” and address unregistered employment, it can be seen as a way to replenish state treasury in view of increasing budget pressure, instead of providing population with quality jobs and decent salaries.

Kazakhstan

In response to the 2008 economic crisis and growing unemployment, the government of Kazakhstan launched a new initiative called the Roadmap (2009-2010), specifically aimed at creating jobs for certain categories such as young people, women and low-income citizens through public works and vocational training. As a result of the programme, 392 thousand jobs were created, 150 thousand people received (re-)training, of whom around half obtained employment, and 192 thousand young people found a job (Government of Kazakhstan 2011). In fact, the youth unemployment rate in 2010 was for the first time recorded at the level below the overall unemployment rate (5.2 vs. 5.8 per cent). Employment growth led to an increase of incomes and reduction of poverty, with the proportion of population below the minimum subsistence level decreased by nearly half from 12.1 per cent in 2008 to 6.5 per cent in 2010.

Based on the successful experience of the Roadmap initiative, Kazakhstan developed the Employment Roadmap (2011-2020) to increase people’s incomes through sustainable and productive employment, particularly among low-income citizens, unemployed women with children and young people in rural areas. This is primarily done via vocational (re-)training, assistance with relocation to more economically active regions, and support of self-employment and entrepreneurial activities in rural areas through the provision of microcredits. Among newly introduced features of the programme are subsidizing revenue losses of skilled

19 Various measures to promote employment were previously implemented in Kazakhstan through special programmes, including the Programme to combat poverty and unemployment (2000-2002) and Programme on employment of the population (2005-2007), which proved effective in reducing the unemployment rate in the country that fell by nearly half from 12.8 per cent in 2000 to 7.3 per cent in 2007. In contrast to these programmes, the ongoing Employment Roadmap can be argued to be the first large-scale national employment programme.
workers for reduced working hours, the provision of grants to employers for training workers, and the organization of special targeted programmes for the preparation of workers in the service sector. While initially the government planned to spend at least KZT 100 billion annually on the programme, the de facto expenditure reduced from KZT 40.2 billion in 2011 to KZT 37.1 billion in 2015. The programme has had a positive impact on the national labour market. According to the Kazakhstan’s Ministry of Health and Social Protection, during 2011-2015 a total of 598,370 people participated in the programme, of whom 76 per cent obtained permanent jobs, 6 per cent received microcredits, and 20 per cent underwent training. Of those who received training (i.e. 118,414 people), 72 per cent obtained employment after its completion.

In fact, Kazakhstan’s emphasis on retraining and skills development is part of the state objective to promote the Society of Universal Labour which is seen as “a basis of efficient economy resilient to external shocks”. In line with this, in 2017 the government plans to launch a new programme on “Free vocational education for all” to assist young people to enter the labour market. The programme will target college students, young people without work qualification and those who are self-employed, and intends to provide training to over 400 thousand young people.

Despite these positive developments and government’s efforts, not all objectives of the programme have been achieved amid reduced funding. In particular, by 2016 the programme intended to cover 1.5 million people and achieve the unemployment rate not exceeding 5.5 per cent (Government of Kazakhstan 2011). However, at the end of 2015 the actual number of participants was nearly three times less than planned, while the unemployment rate, despite its steady decline, rose from 5.1 in 2014 to 5.6 per cent in 2015. Furthermore, the number of people who found employment after completing vocational training remains quite low: while nationwide it accounted for 80 per cent in 2015, in some regions it falls below 70 per cent (Government of Kazakhstan 2016). In effect, the labour market as a whole remains unstable and unbalanced in Kazakhstan. With existing unemployment, there are unfilled job vacancies and labour shortages (primarily of skilled workers). The quality of human resources is low and there is a lack of a real link between training and production (Government of Kazakhstan 2011). Moreover, active measures to promote employment are not sufficiently developed to support the poor. These factors not only slow down the pace of poverty reduction but also
point to the underutilization of available labour resources despite the growing demand for labour.

Kyrgyzstan

A distinctive feature of Kyrgyzstan’s labour market is the mass outmigration of its workers triggered by the lack of adequate job and income opportunities and low living standards in the country. An estimated 350 to 500 thousand Kyrgyz citizens carry out labour activities abroad throughout a year, with primary destinations in the region being Russia and Kazakhstan (Government of the Kyrgyz Republic 2013b). In contrast to other CIS countries under consideration, remittances from external labour migration constitute an important source of income for families in Kyrgyzstan reaching up to 18 per cent in the structure of disposable in some parts of the country, with the volume of these transfers increased from 4.1 per cent of GDP in 2003 to 30 per cent of GDP in 2014 (World Bank Indicators). In addition to external migration, the country also sees increasing internal migration flows due to unbalanced regional economic development.

In view of the nature of the labour market in the country, the employment policy in Kyrgyzstan is oriented towards creating conditions for the ‘civilized development’ of internal and external labour migration and increasing the competitiveness of the economically active population. In order to improve productive employment of the population, reduce imbalance between labour supply and demand and strengthen support to citizens employed in internal and external labour markets, in 2013 the government of Kyrgyzstan introduced the “Programme to promote employment and regulate internal and external labour migration until 2020”. The measures include (re-)training programmes that teach skills and professions to meet demands in the labour market, paid public works and the provision of microcredits to support small businesses. In 2015, of the total number of registered unemployed that amounted to 87,700 people (a decrease by 11 per cent compared to 2010), 58 per cent obtained employment (an increase by 15 per cent compared to 2010) (Government of the

20 While previously several labour market measures in Kyrgyzstan attempted to address unemployment through, for example, the “National employment policy of the Kyrgyz Republic until 2010”, they failed to produce desirable outcomes, with the unemployment rate increased from 8.3 per cent in 2006 to 8.6 per cent in 2010 (ILO 2015).
Kyrgyz Republic 2016c). While its unemployment rate remains high compared to other CIS countries under examination, Kyrgyzstan seems to be the only country among these where the unemployment rate has been decreasing steadily over recent years, falling from 8.6 per cent in 2010 to 7.6 per cent in 2015, according to official data.

Despite the positive dynamics in employment, the labour market in Kyrgyzstan has severe issues one of which is related to labour surplus. In recent years, for example, the growth of the working-age population exceeded the growth of employment by more than twice, while labour supply exceeded demand by nearly 30 per cent (Government of the Kyrgyz Republic 2013b). Thus it appears that a large number of unemployed are competing for a very limited number of jobs, which are low-paid and low-skilled (Schwegler-Rohmeis et al. 2013). Although the number of unemployed per one vacancy constitutes on average 14 people, there are around 15 per cent of unfilled vacancies every month (Government of the Kyrgyz Republic 2013b). This indicates that despite excess supply in the labour market, the jobs offered remain unattractive to jobseekers.

In the context of the demand-deficient labour market, the Kyrgyz economy faces a huge challenge of creating a necessary number of quality and well-paid jobs (World Bank 2015a). In fact, while productivity growth is mainly driven by the small formal sector, job creation in Kyrgyzstan has primarily occurred in the large informal economy (Schwegler-Rohmeis et al. 2013). In 2012, for example, of 112.5 thousand newly created jobs, 7 per cent were in the formal sector and 93 per cent were in the informal economy (Government of the Kyrgyz Republic 2013b). As the Kyrgyz population is projected to increase further, low wages and the lack of decent jobs will continue to cause external labour migration. Seeing labour migration as a form of employment, the government of Kyrgyzstan integrated it in its state policy to make use of global employment through expanding employment opportunities for Kyrgyz citizens in domestic and international labour markets. However, as international markets, both in the CIS region and beyond, experience economic downturn and uncertainty, incomes from external labour migration will likely fall as a result, thus affecting the living standards of the population back in the home country. In particular, declining remittances driven by the sharp depreciation of the Russian ruble could result in negative income growth in Kyrgyzstan for the first time in years (World Bank 2015a). Furthermore, the decreasing financing of employment activities both from the government and donors reinforces the challenging situation in the national labour market and economy as a whole.
**Uzbekistan**

Similar to Kyrgyzstan, Uzbekistan saw a rapid growth of the working-age population which determined the growth of its labour force and thus increased the demand for new jobs. In particular, the labour market in Uzbekistan features a significant proportion of young people, with half a million graduates every year in need of employment (Ahmedova 2014). To ensure the growth of employment, incomes and living standards, since 2009 the government of Uzbekistan has consistently implemented the Programme on job creation and employment provision, particularly for vulnerable groups including youth and those living in rural areas.\(^\text{21}\)

In 2015, the programme created over 980 thousand jobs, of which 60 per cent were in rural areas, and over 480 thousand college graduates obtained employment (Government of Uzbekistan 2016b). Furthermore, as a result of the government’s emphasis on the development of small and private businesses, farming enterprises and various forms of home-based work, nearly 350 thousand people were provided with relevant employment in 2015. In particular, entrepreneurial activities, seen as a driver of Uzbekistan’s economic growth, produced over 300 thousand jobs, accounting for 78 per cent in total employment in 2015 and thus contributing a major part to the country’s regional development. In 2015, the amount of credits allocated to support small businesses alone amounted to UZS 12.1 trillion (Government of Uzbekistan 2016b). Furthermore, as part of growing private entrepreneurship, in recent years there has been a rapid development of home-based work, including crafts and family businesses. It is viewed particularly suitable for women as it allows them to earn an income and provides protection under labour law, while enabling them to fulfil their domestic and childcare duties. In 2015, home-based work contributed to the employment of more than 200 thousand people, the majority of whom were women.

Despite steady and substantial employment generation, the level of unemployment is higher than other CIS countries under consideration. In 2015, the unemployment rate constituted 10.1 per cent in Uzbekistan in contrast to 5.6 per cent in Kazakhstan and 7.6 per cent in

\(^{21}\) In line with the government’s focus on stimulating employment, there was an institutional change in Uzbekistan which saw the Ministry of Labour and Social Protection renamed into the Ministry of Labour in 2016 that now focuses exclusively on employment issues, while the duties and responsibilities of social protection are divided between the Ministry of Health and the Ministry of Finance.
Kyrgyzstan. In its efforts to create jobs “at any cost”, the government of Uzbekistan has not paid due attention to their stability (i.e. jobs that would last longer than a year). In 2014, for example, the number of people engaged in irregular employment amounted to 4.4 million people, which included temporary jobs and unregistered businesses (Government of Uzbekistan 2014), while only 55 per cent of 780 thousand jobs created in 2014 had a fixed (stable) contract. Furthermore, the number of new jobs is not sufficient to absorb the annual increase of the working-age population. In fact, the level of the employed population relative to the working-age population has been decreasing gradually over the past two decades, falling from 82 per cent in 1991 to 67 per cent in 2011 (CER 2013). Finally, while home-based work has provided income opportunities for many women, it has not necessarily addressed structural causes of women’s lower economic activity and competitiveness. Measures such as home-based work can arguably reinforce traditional gender stereotypes rather than promote a more equitable distribution of household responsibilities. State employment programmes have focused on creating jobs in narrow areas that are considered appropriate for women and compatible with family duties, but they may not necessarily provide skills that are transferable to other sectors (ADB 2014).

5. Discussion

While the labour activation programmes implemented by respective governments have contributed to reducing unemployment and improving living conditions of the population in the countries under examination (Schwegler-Rohmeis et al. 2013; World Bank 2015a), poverty is still widespread in these national settings, especially among large families with children, as well as those living in rural areas, who remain to be at the highest risk of poverty. In Russia and Belarus, for instance, the number of families with children in the total number of families with incomes below the subsistence minimum constituted 63 and 68 per cent, respectively, in 2014.

While unemployment is an important cause of poverty, it is not the most important one. In fact, the majority of those living below the poverty line in the region are employed

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22 One of the reasons why job creation appears to be unstable in Uzbekistan is that despite substantial investments, a large part of these jobs are generated in financially unstable sectors (such as agriculture and textiles), which does not allow the self-financing of new jobs (CER 2013).
(Gassmann 2011; Prokofieva et al. 2014; UNICEF 2015a; World Bank 2005), a trend that is observed globally.\(^{23}\) In Kyrgyzstan, for example, nearly 33 per cent of workers lived below the national poverty line in 2012 (UNICEF 2015a); in Uzbekistan, nearly 50 per cent of families with low consumption levels had working family members in 2009, with seasonal and occasional workers being most vulnerable (UNICEF 2009); while in Kazakhstan, one-third of self-employed people today are engaged in unproductive labour being at the edge of poverty (Khamzina et al. 2015).

In essence, three major problems can be identified with regard to the nature of employment in the CIS countries amid governments’ efforts to generate jobs. Firstly, many of these jobs are low paid (Gassmann 2011; World Bank 2005), which is not sufficient or effective in providing adequate support to vulnerable families and lift them out of poverty. The low wages could be attributed to the redundancy of jobs (at least in the early transition period when governments preferred to keep redundant workers even if they did not work or were paid irregularly in order to prevent further increases in unemployment) (Milanovic 1995), as well as to the low value of minimum wages in relative terms. In Russia and Kazakhstan, for example, the minimum wage accounts for around 17 per cent of the average wage (RUB 5,965 vs. 34,030 in Russia and KZT 21,364 vs. 126,021 in Kazakhstan in 2015).\(^{24}\) Together with weak enforcement, this implies that minimum wages are unlikely to be binding, which allows firms to maintain low-paid jobs and thus contributes to wage dispersion (World Bank 2005).

At the same time, financial assistance in the form of family benefits does not compensate for the low earnings, including those forgone due to unpaid care work, whereas income from one parent is not enough to support the whole family. Women in these countries tend to be more vulnerable to poverty than men due to lower participation in the labour market, gender wage

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\(^{23}\) Nearly one-third of the poor in developing countries have a job, but these jobs are often unpaid and concentrated in low-skilled occupations or low-productivity agricultural activities. Even in developed countries where a greater number of workers have salaried employment, it does not prevent people from falling into poverty, with over 80 per cent of the working poor being gainfully employed (ILO 2016).

\(^{24}\) Furthermore, while the size of the minimum wage in Kazakhstan is nearly the same as that of the subsistence minimum, in Russia it is nearly half of the minimum subsistence level.
gap, higher unemployment (notably in Kazakhstan and Kyrgyzstan), and continuous burden of unpaid domestic and care work particularly in rural areas (Dugarova forthcoming). In Russia, for instance, women earned on average 26 per cent less than men in 2013, while in Kazakhstan the average earnings difference between women and men reached 33 per cent in 2014. In addition, the shortage of preschools undermines women’s participation in the labour market. This is particularly evident during the period when the paid childcare leave comes to an end and before parents can send a child to a preschool, as most childcare facilities in these countries are available to children from three years onwards. Difficulties in finding adequate childcare can result in significant losses of welfare, as the inability to combine work and family life can further increase the risk of poverty. While the governments provided substantial support for women through the development of public childcare and the provision of (re-)training programmes for mothers in the countries under examination, these measures have not transformed social norms and attitudes governing work and care responsibilities, and the conservative nature of gender relations within families continues to prevail in society, with women perceived as wives and mothers rather than workers. Mechanisms for the implementation of involved fatherhood are lacking or insufficiently developed, and an equitable sharing of domestic and childcare work between parents is nearly non-existent in these contexts (Dugarova forthcoming).

Another issue with jobs that contributes to persistent poverty in the region is their low quality and low productivity (World Bank 2005). In Central Asia, the rural economy is still quite large, and a significant proportion of the working population is employed in the informal sector concentrated in agriculture (Rutkowski 2011; UNICEF 2015a). In Kyrgyzstan, for example, around 70 per cent of the active labour force is employed informally (Gassmann and Trindade 2016), with the majority in rural areas and increasingly in urban areas (Schwegler-Rohmeis et al. 2013). In Kazakhstan, 62 per cent of all informal workers were employed in agriculture in 2009 (Rutkowski 2011), while self-employment accounted for over 30 per cent, or more than 2.7 million people, in 2011 (Government of Kazakhstan 2011). The majority of self-employed in Kazakhstan work in private households in rural areas, with incomes often below the subsistence minimum. Of particular concern is the situation of rural youth, which

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25 In 2015, the unemployment rate among men was 6.2 per cent compared to 5.4 per cent among women in Russia, 7.7 vs. 4.5 per cent in Belarus, 4.8 vs. 6.5 per cent in Kazakhstan, 7.3 vs. 9.5 per cent in Kyrgyzstan, and 10.1 per cent in Uzbekistan with no gender disaggregation (ILO 2015).
due to limited access to vocational education is almost non-competitive in the formal labour market in Kazakhstan. In contrast to Kyrgyzstan and Kazakhstan, where 31.7 and 24.2 per cent of the population, respectively, were employed in agriculture in 2013, in Belarus and Russia this share corresponded only to 9.6 and 7 per cent (ILO 2015). In fact, while the transition period in Russia was accompanied by a rise in informal employment seen as an important mechanism to adapt to negative shocks (Gimpelson and Kapeliushnikov 2014), the share of persons in the informal sector remains quite low, constituting 12.1 per cent in total non-agricultural employment (ILO 2013). At the same time, the quality of labour resources and the competitiveness of the workforce remains one of the key challenges of the labour market in Belarus. Despite the fact that nearly 14 per cent of Belarusian employees undergo different types of professional training every year, it is not enough to ensure that their competencies and qualifications meet the requirements of the economy (Government of Belarus 2016). Russia, in fact, has one of the highest rates in the number of average annual hours worked per worker in Europe (amounting to 1,978 hours in 2015), but labour productivity is almost half the European average, which can primarily be attributed to inefficient production and the use of outdated technology amid the lack of qualified personnel and limited funding (Platonova and Hohryakova 2015).

The labour market in the CIS economies is further weakened by underemployment, which mainly corresponds with poverty in rural areas. In Uzbekistan, for example, underemployment takes the form of part-time work, full-time work at low intensity, or full-time employment with low-productivity because of the lack of skills or investments (Cornia et al. 2003). On the other hand, there can also be a high level of overemployment in urban areas (Schwegler-Rohmeis et al. 2013). Overtime employment in Kyrgyzstan, for example, is typical for self-employed in sectors such as trade, construction, transport and restaurants. High rates of rural underemployment result in growing internal and external labour migration, notably in Kyrgyzstan where remittances play an important role in ensuring the living standards of families. However, these transfers cannot replace domestic employment and public support. Remittance income can be volatile due to economic fluctuations, and not all families can benefit from it (Gassmann 2011). In Belarus, the high level of involuntary part-time employment that undermines the efficiency of the national labour market is increasing further in light of the unfavourable economic situation in the country. In 2015, the number of

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workers engaged in this type of employment in Belarus doubled compared to the previous year, amounting to 9 per cent of all employees (Government of Belarus 2016).

It is likely that the deteriorating state of national economies in the CIS region will have an adverse impact on the nature and amount of employment in the coming future in these countries. Amid the ongoing economic downturn, Belarus and Russia, for example, have experienced a decrease in demand for labour as shown in the reduction of the number of job vacancies. In the former, employers’ demand for workers in 2015 accounted for 85 per cent of the 2014 value, while in Russia it fell by a third compared to 2014 (Government of Belarus 2016; Government of Russia 2016). Furthermore, despite the lack of large-scale staff reductions, some sectors in Russia and Belarus have seen an ‘optimization of costs’ resulting in downsizing and layoff of employees. The limited supply of jobs would likely lead to increased unemployment in the countries, which together with low wages and scarce social assistance resources, would affect the living standards of the population as a whole and those of vulnerable groups in particular.

6. Concluding remarks

It is evident that the CIS countries under examination put significant efforts to promote productive employment and improve the quality of life through a range of ALMPs, which have become a major social policy priority in these national contexts. In view of growing unemployment and poverty, increasing productive potential alone, however, is unlikely to raise people out of poverty, while stimulating labour demand without paying due attention to the nature of jobs will be insufficient to address the needs of vulnerable groups, namely families with children, young people and those living in rural areas. Amid the economic recession in the region, labour market policies should aim not only to protect existing jobs or generate new ones, but more importantly they should support incomes which would allow workers to maintain their earning ability and sustain adequate living standards.

This paper suggests that the first steps towards addressing poverty and unemployment in these countries should be: (i) to raise the national poverty line (or the minimum subsistence level as appropriate) to the level of the real price of consumer basket that takes into account health and educational needs (and in the case of Kazakhstan, equalizing the value of the poverty line and
the subsistence minimum);\textsuperscript{27} and subsequently (ii) to increase the level of the minimum wage to the revised level of the subsistence minimum, which can contribute to the increase of average earnings value. Furthermore, in order for families to become economically self-sufficient, as encouraged by respective governments, it is necessary to provide relevant mechanisms that would enable it. This implies the development of a comprehensive system of social protection, which includes measures in the labour market, education, health and other social services. In particular, the following actions can be considered: (iii) to improve employment programmes through, for example, better coordination between professional training and the demands of the economy and labour market; (iv) to raise the amount of real wages (especially in the public sector and agriculture), which can partly compensate for the loss in purchasing power amid the rise in consumer prices; (v) to increase the value of social benefits, including unemployment benefits and family-related allowances; (vi) to expand the coverage and adequacy of social assistance ensuring the protection of vulnerable groups; (vii) to scale up social support and care service provision by increasing access and improving the quality of social services for children and the elderly; (viii) to improve the quality of jobs, including their stability, that would be attractive to jobseekers and meet their needs and skill level; (ix) to develop better gender-sensitive policies such as flexible forms of employment, paid paternity leaves, and promotion of shared responsibility within the family, which would enable the reconciliation of parental and professional responsibilities; and (x) to allocate more fiscal resources to the social protection system, which should be seen as an investment into human capital and the economy in general.

One can argue that implementing measures in the social protection system, including social assistance benefits and labour market programmes, would not be enough to ensure decent quality of life over the long term without steady economic growth. While economic growth is indeed an important precondition for poverty reduction and employment generation, experience of many countries around the world including those in the CIS region has shown that it does not automatically lead to broadly-shared inclusive outcomes, as not everybody

\textsuperscript{27} It is recognized that governments often have limited incentive to do this, as it would ‘create’ more poverty (Hoy 2016). A large share of the population in these countries lives near the poverty line, which increases the probability of transition of a substantial part of the population from the non-poor to the poor. Since 2014, the value of the subsistence minimum in Belarus, for example, does no longer account for changes in the cost of public utilities, which in view of their fast increase depreciates the means testing criterion and as a result leaves a number of vulnerable groups without social support.
benefits from it due to the lack of rights, opportunities or abilities to participate fully in economic, social or political processes that affect their lives (Dugarova 2015). In view of ongoing economic uncertainty at the national, regional and global levels, it is particularly important to make sure that the negative changes of the economic downturn would not have a persistent impact on people’s livelihoods. Comprehensive social protection, enhancement of labour market policies and equal access to quality social services are therefore critical to protect the population against risks and challenges that the countries are facing today and in the years ahead.
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