Poverty and Poverty Measurement in Russia: Energy poverty in the Energy-Rich Country

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Russian Federation has huge reserves of natural resources. Russia accounts for a fifth of the world's natural resources in general: Russia ranks first in the forest area, the first place in term of gas reserves, the second largest fresh water, the first place on the reserves of peat, the seventh largest oil reserves. Despite the significant energy potential the situation in regions is different in term of energy supply is quite different. Energy cluster may be different from the production cluster – consumers of energy. The regions were clustered by the energy supply and demand. Multidimensional index for the regions was calculated on the base Household Budget Survey 2009, using the Alkire and Foster approach (Alkire and Foster, 2001, Understandings and misunderstandings of multidimensional poverty measurement, Journal of Economic Inequality, Springer Vol. 9(2), June, pp. 289-314; Alkire and Foster, 2011, Counting and Multidimensional Poverty Measurement, Journal of Public Economics, 95 (78), pp. 476-487). The components of this index are the following indicators: the presence of regular breaks (more than once a month, lasting more than two hours) with electricity, the presence of regular interruption heat, no hot water, use as a fuel source for heating wood, coal and coke. In Russia as a whole all these deprivations cover 5% of households. The differences in the values of the energy poverty index for the regions are very large – from 34.6% in Republic of Tuva to 0.0% in Belgorodskaya area (oblast). Energy poverty has many social and economic consequences but values of energy poverty indices do not coincide with the values of absolute poverty indices for regions.

Key words: Multidimensional poverty measurement