

# ***BELARUS, RUSSIAN FEDERATION, UKRAINE, MOLDOVA***

***appeal no. 15/97***

***situation report no.1***

***period covered: 7 October - 15 November 1997***

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*As winter begins in the four countries targeted by the appeal, there is little if any improvement in the economic and social climate. Late or non-payment of pensions and salaries and hikes in fuel and heating costs promise certain misery for the tens of millions below the poverty line. Relief supplies, particularly winter clothing, are arriving in the area following the appeal and will be distributed shortly. Soup kitchens will be opening soon in two countries . The biggest outstanding need now is cash for local purchases of food, hygiene items and support to soup kitchens .*

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## ***The context***

Throughout the four countries targeted in the Appeal, the transition from one political and economic system to another has caused acute hardship for increasing numbers of their populations. Inflation combined with a sharp drop in payments of salaries and benefits and an absence of welfare support not only relegate 73 million people below the official poverty line, but also put them at risk over the winter period, from November 1997 to April 1998.

Winter inevitably brings problems for the socially disadvantaged, and this year particularly severe weather is forecast. Across the four countries, this constitutes a silent but spreading disaster, placing all vulnerable groups at high risk: the elderly, those living alone and families with many children, as well as those in institutions (orphans, the mentally/physically disabled and prisoners).

The intended programme aims to assist about one million of these individuals: 30,000 vulnerable are being targeted in Belarus; 20,000 in Moldova; 777,500 in Russia and 230,000 in Ukraine. The assistance is being constructed as an immediate, urgent operation, designed to tide beneficiaries over the next difficult six months.

## ***Latest events***

**Belarus**

The national economy is officially reported to be recovering, with an 11% increase in the GDP. However, this is mainly due to the introduction of production targets by the government rather than a result of the economic environment. Significant exports go to Russia in order to cover the debt for energy through barter transactions, often at lower prices than the real costs. Eighty per cent of equipment is outdated and 70% of enterprises are unprofitable (according to independent experts). International aid has further decreased following deteriorating relations with the European Union. Prices have risen more than 60% since the beginning of this year. In such circumstances, it is difficult for Belarus to pay pensions to 2.67 million pensioners (25% of the population). With an average pension equivalent to USD 30, most pensioners live below the Minimal Survival Limit of USD 35, which in turn covers just 60% of a minimal food basket. In addition, a poor harvest from private plots has increased prices for basic agricultural products. There are 50,000 people who receive a social pension of USD 10 per month.

### **Russian Federation**

As autumn turns to winter, the needs of target beneficiaries are growing. In general, heating supplies to homes are guaranteed, though warnings about non-payment of bills have been issued. The IMF's chief representative in Moscow said the present situation is difficult due to poor revenue performance putting enormous pressure on the budget. (Tax collection was only 52% of target for three quarters of 1997). A tense showdown over the budget between the government (which is urging tight budget and tax revisions) and the opposition-dominated lower house of parliament (which says the budget will only hurt the poor and disadvantaged further) resulted in concessions over tax policies. Inflation has remained stable but, with non-payment or late payment of wages and pensions, the situation of the most vulnerable groups continues to worsen.

### **Ukraine**

The economic and social crisis is deepening in Ukraine. The economy of the country declined another 7.5% compared to the previous year and according to a study conducted by the Soros International Advisory Group "a dramatic reform effort is needed to spark positive changes". The backlog in unpaid salaries and pensions is enormous and poor collection of taxes aggravates the situation. Due to growing debt to Russia for gas and oil, cuts in supplies have occurred and in winter may lead to serious heating problems. The energy sector is reported to be in a critical state due to a fuel deficit caused by non-payment for electricity. In 72,000 homes, the gas was cut off because families were unable to keep up with household payments. The number of suicides rose 50% compared with 1996, mainly because of the desperate economic and social situation, according to a Health Ministry statement in October.

### **Moldova**

According to an opinion poll, 75% of the public consider they are living in poverty. Respondents complained of late and inadequate pensions, and unpaid wages. Their situation has been exacerbated by the decision earlier this year to raise energy prices (60%), although the government promised compensation, as yet unspecified, for those worst hit by the increases. In attempts to clear the backlog in wages and pensions, the government succeeded in partly covering 1996 and the beginning of 1997. However, the remaining debt is USD 146 million. Last winter there were serious heating problems in Moldova and the outstanding USD 500 million debt for oil and gas to Russia is likely to create new problems. Living standards are among the lowest in the former USSR: the average salary is about USD 50 per month. Demographic indices are worsening, showing rising mortality among pensioners and growing social problems in the community. Internationally, Moldova's status has been downgraded from "developed" to "developing".

## ***Red Cross/Red Crescent action***

### **Launch of the Winter Appeal •**

In all four countries, the launch of the Appeal was extensively covered in local and international media. Promotional materials including posters and leaflets were distributed. The demand for media kits continued well after the launch, with journalists retaining an interest in various aspects of the Appeal. This interest is expected to continue throughout the six month Appeal period, especially as visits to target areas are planned by several media representatives. A further media campaign is planned in connection with assistance from ECHO.

*In Belarus* the Appeal was presented by the Head of Delegation and the 2nd Vice-President of the Belarus Red Cross with the participation of a British RC representative. It was attended by approximately 40 people including 24 journalists representing 15 newspapers, 6 radio stations and two news agencies. The Deputy Minister of Social Protection and Head of Minsk Social Services, who took part in the launch, spoke of the importance of the operation and promised further co-operation and co-ordination.

*In Russia*, the Launch was attended by the Deputy Minister of Labour and Social Welfare, in addition to a prominent member of the Duma, who speaks out on welfare issues. About 40 journalists were present, and a significant number of reports have been aired on both local and international media. Interest has continued, with many journalists requesting material and interviews.

*In Ukraine* the Appeal was presented by the Federation Secretariat and Kiev office representatives and the President of the Ukrainian Red Cross. It was attended by about 40 people including 19 journalists, representing 10 newspapers, 4 radio and 3 TV agencies. The Deputy Minister of Social Policy and Labour, representatives from the British Embassy, UNICEF and Kiev Bank took part in the launch. Some Red Cross oblast organisations have organised media campaigns resulting in some funding (e.g. Zakarpatje RC organisation collected approximately USD 6,000).

*In Moldova*, the Appeal was presented by a Federation Delegate in the region and the President of the Moldova Red Cross. The launch was attended by 30 participants including the Ministry of Health, Department of Civil Defence, Embassy representatives and the media. It was carried by Reuters and local newspapers and broadcast on radio and TV.

### **Immediate action**

#### ***Belarus***

Operational issues have been discussed with the Belarus Red Cross. The BRC has one truck; more vehicles can be hired if needed. The Civil Defence (national Disaster Preparedness body) is likely to provide warehousing free of charge. The BRC considers that soup kitchens and food parcels will be a much-needed component of the operation and wants to start them as soon as possible. The BRC is experienced in distributing second-hand clothes and foodstuffs and qualified people can be hired locally.

#### ***Russia***

Nine fax machines have been distributed throughout the target regions, to improve communications. Contingency communication lines (emergency telephone numbers and portable phones) have also been arranged.

A Russian RC logistics co-ordinator has been recruited for the operational centre in Moscow (which has been established in the RRC HQs) and a Federation Logistics

Delegate arrived yesterday (26 November). A plan to distribute 400,000 kg of second hand clothing in the target regions, beginning in the second half of November, has been prepared. Five trucks containing second-hand clothes from the Swedish RC have arrived in Russia, and the contents are being readied for distribution by the Federation Logistics Officer and the RRC counterpart, who are also assisting local RC committees in organising tendering for food parcels and soup kitchens and drawing up lists of beneficiaries. Work to finalise contracts for the procurement and production of food parcels is in progress.

All local RC committees in the target regions have been asked to submit budgets for clothing distributions and soup kitchens; most have complied. The RRC has opened a bank account with "Sberbank" which has millions of clients and branches all across Russia, in order to optimise possibilities of donations from the public.

### *Ukraine*

The National Society has sufficient warehousing in Kirovograd for second-hand clothes. Questionnaires on the capacity of the oblast and rayon branches have been completed.

### *Moldova*

The MRC has sufficient warehousing space to accept second-hand clothes. Soup kitchens are likely to be placed in two cities (Chisinau and Beltsy) and presently the Society is investigating the possibility of involving canteens in providing meals for the vulnerable. Funding for soup kitchens throughout the target regions has been received, and plans are in place for the first kitchens to open in late November.

## ***Outstanding needs***

Since the launch of the Appeal, approximately two thirds of the needs in kind have been met. The most urgent need now is for cash: an amount of CHF 10 million is still required, to cover food items for all four countries, since all food parcels will be procured locally.

In-kind donations, as expected, have been mostly clothing, and much of this is indoor winter garments: more outdoor wear is needed. Besides clothing, hygiene items, food and support for soup kitchens are of crucial importance.

The Secretariat has also been notified of several NS applications to governments and of fund-raising events scheduled for the end of the year. However, overall, cash is coming in more slowly than anticipated.

## ***External relations - Government/UN/NGOs/Media***

### *Russia*

Approaches to corporations (both Russian and international) are planned. Recent remarks made by President Yeltsin during his weekly radio address to the nation have served to complement the Appeal, in that he urged more state attention to the plight of children, as well as warning of a severe winter ahead.

### *Belarus*

The diplomatic missions of Germany, Japan, Greece, China, France, Italy Turkey, the UK and the USA, and UN agencies have been contacted.

## *Contributions*

See Annex 1 for details.

In addition to the response to the Appeal listed in the Annex, the following efforts should be noted:

- The Finnish RC has supplied 1,000 money collection boxes, and has been asked for a further 9,000 boxes, for street collections (throughout Russia, Belarus and Ukraine).
- Funds raised by the Russian RC are approximately CHF 7,325 .
- Funds raised by the Ukrainian RC are approximately CHF 8,200.

## *Conclusion*

The Winter Appeal was successfully launched in all four countries. Although extensively covered by both international and local media, with an emphasis on attempting to raise local donations (especially in Russia) the effects of this launching effort have not yet produced clear cut results. Three factors should be borne in mind: the difficult economic situation, variable taxation on donations (a profit tax in some instances) within the countries, and the general public's attitude towards charity after seventy years of state provision. Embassies and international organisations may yet contribute and complement the in-kind assistance from Red Cross Societies. Planning of project implementation is well advanced so that the first round of assistance (clothing) should reach the vulnerable soon.

Donors are reminded that winter is practically here and are asked to respond as speedily as possible.

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