

RURAL SOCIAL DEVELOPMENT IS A KEY CONDITION FOR INCLUSIVE GROWTH AGRI-FOOD SYSTEM OF RUSSIA

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Abstract

It is substantiated that mobilization of efforts to achieve the Sustainable Development Goals (SDGs) against the background of the consequences of the COVID-19 pandemic provides for a radical rethinking of the priorities of agri-food policy. This concerns the improvement of the social development policy of the countryside and the solution to the problems of sustainable development of rural areas. The specificity of the concept of sustainable development of rural areas as interconnected into a single system of economic, social, and environmental goals and objectives is revealed. These include sustainable growth of the rural economy, diversification of its structure, the achievement of food security; increasing employment, the level and quality of life of the rural population, reducing interregional and intraregional differentiation, eliminating poverty, bringing the countryside closer to urban living standards; rationalization of the use of natural potential and preservation of the natural environment. Solving the problems of social development of the countryside contributes to the transition to an inclusive development model. The author's methodology made it possible to substantiate the criteria and indicators that characterize the level of social inclusion. By this approach, an empirical research base was formed and a comprehensive assessment of the social development of the village was given in the context of the following aspects: poverty of the population, the risk of poverty and poverty fields depending on the place of residence of the population; urban and rural unemployment; resources and final consumption expenditures, on average, per household member; physical and economic accessibility of basic food products for the urban and rural population. Measures have been formulated to facilitate the transition of the agri-food system to an inclusive development model and overcome negative trends in the post-pandemic economy.

Key words: agri-food system, inclusive growth, sustainable rural development, poverty risk, unemployment rate, food security

INTRODUCTION

Recently, the development of the world agri-food system has been characterized by two oppositely directed trends. On the one hand, the process of urbanization is actively underway, which is one of the most important demographic mega-trends and is changing the composition and structure of the population. On the other hand, there is a tendency towards the de-urbanization of society, which has intensified in the context of the COVID-19 pandemic. Thus, the population of large urban agglomerations is decreasing, which leads to a more uniform density of population in the country's territories, and a decrease in the risk of the spread of infections. We believe that

the village could, in a certain sense, act as a «security territory», reducing the threat of severe consequences of the current crisis. However, the Russian village is still significantly inferior to the city in terms of living standards in general, including in terms of food security.

Despite several government measures aimed at creating conditions for the sustainable development of rural areas, several problems remain unresolved: unemployment, an increase in poverty, underdeveloped social infrastructure in the countryside, aggravation of social problems, moral degradation of the rural population, depopulation of the village, shredding of the settlement network. The

problems of irrational exploitation of natural resources and technological backwardness of agriculture are still not resolved, which leads to an increase in the degradation of agricultural land and an increase in environmental risks. Social polarization is growing, which is manifested in the increasing differentiation of population groups in terms of the level of physical and economic availability of food. The shortage of qualified personnel associated with insufficient investment in human capital led to a low level of labor productivity. The current situation is aggravated by the ineffectiveness of public administration and the irrational nature of support.

Sustainable rural development should become a priority of the state agri-food policy. In the context of new global and national challenges, the urgency of substantiating a new vector of development of the agri-food system is increasing [29]. The transition to an inclusive growth model contributes not only to the realization of economic goals but also to ensure social sustainability. Priority should be given to the following areas: focus on human interests, ensuring the mobilization of all resources, creating non-discriminatory conditions, including the possibility of participation of all actors in the processes of production, distribution, and consumption of food, reducing poverty, preserving and developing small forms of agribusiness, solving environmental problems [17, 18] Identification of potential growth points and vectors of future development will allow not only to draw a conclusion about the viability of rural areas but also to answer the main question - does the Russian village have a future?

The degree of elaboration of the problem. The author's approach to the study of the social development of the village as the main condition for the inclusive growth of the agri-food system is based on the conceptual provisions of the theory of sustainable development. The problems of sustainable development are comprehended in the world and domestic science from different positions: first, the study of the actual stability of the world economic system (including the

agricultural sector); secondly, from the point of view of solving environmental problems; thirdly, in the context of solving social problems of rural areas. It should be noted that studies of sustainable rural development are based on a triune paradigm, since not only economic problems of growth, but also socio-ecological problems are reflected here in a concentrated form.

From a neoclassical perspective, sustainable development is seen as striving to achieve a balance between capital accumulation and population growth, supported by investment (for example, the Solow model). The Keynesian theory considers development due to changes in technical and economic parameters but does not touch on socio-economic prerequisites.

The limitations of these approaches have prompted researchers to turn to the study of the social and environmental aspects of sustainable development. In the work of G. Daley and R. Costanza «Natural Capital and Sustainable Development,» sustainable development is defined as «development without growth», i.e. «Socially sustainable development, in which gross economic growth should not go beyond the carrying capacity of life support systems» [3].

Various models of sustainable development are described in the works of G. Atkinson, D. Pierce, K. Williams, E. Millington, R. Turner [33].

Researchers have focused on the interdependence of such aspects of development as environmental, economic, and social. The so-called triune concept of sustainable development has been formed, one of the founders of which is Ed. Barbier, who made a fundamental conclusion that the goals of environmental protection and economic development not only do not contradict each other but, on the contrary, can contribute to mutual reinforcement [2].

Historically, the concept of sustainable development is linked to environmental issues. Since the 80s. of the last century, this category began to enter the scientific turnover, but it received recognition after the report «Our Common Future», which was prepared

in 1987 by the International Commission on Environment and Development [25].

Sustainable development was defined in the report as development that «meets the needs of the present, but does not jeopardize the ability of future generations to meet their own needs». In 1992, the UN conference «Environment and Development» [26]. Researchers have addressed the problems of sustainable development in the framework of various projects, many programs have been adopted, in which the concept of sustainable development has received additions and refinements.

The ecological-systems approach is implemented in the works of such scientists as E. Leroy, [19] Teilhard de Chardin, Semyonova S.G. Pilgrim to the future [28]. The theory and methodology of sustainable economic development are reflected in the works of V.V. Artyukhov, V.I. Danilov-Danilyan, K.S. Losev, A.S. Martynov, N.N. Moiseev, O.S. Pchelintsev, N.F. Reimers, L.N. Semenova, and others.

Domestic scientists define sustainable development as «development in which environmental impacts remain within the economic capacity of the biosphere so that the natural basis for the reproduction of human life is not destroyed» [4]. A.G. Granberg gives the following definition of the term: sustainable development is «stable balanced socio-economic development that does not destroy the natural environment and ensures the continuous progress of society» [16].

The most important contribution to the formation of the concept of sustainable development was made by the institutional theory, according to which development is not just ensuring economic growth, but investment in human capital and the elimination of poverty. Institutions ensure the well-being of society, equal access for all segments of the population to the created benefits. This is the approach that is implemented in the inclusive growth model.

The concept of sustainable development, systematically covering the consideration of economic, social, and environmental aspects, forms the scientific basis for sustainable rural development. At present, world and domestic

science have accumulated rich experience in research on sustainable development of rural areas, social development of the countryside. These problems are investigated within the framework of various theoretical schools and concepts.

Studies of the problems of sustainable development of agriculture as a branch of the economy have a long history and are reflected in the works of the classics (N.I. Vavilov, S. Yu. Witte, V. V. Dokuchaev, N. D. Kondratyev, A. B. Chayanov).

From the standpoint of the institutional theory, sustainable development of rural areas is viewed through the prism of mechanisms, which are formal and informal institutions. The role and operation of regulations, laws, government programs for sustainable rural development as elements of the system of formal institutions have been studied by foreign researchers [1].

A number of foreign scientists have studied the impact of the institutional environment on economic growth [14]. There are various methodological approaches to assessing the impact of institutions, for example, through the index method [21] as well as using econometric methods.

The institutional approach to the problem of sustainable rural development in Russia is implemented in the works of S.K. Wegrena [32], where the reasons for the depopulation of the village are analyzed.

Practically productive is the methodological approach presented in the work of Russian researchers [20]. which pays special attention to the formation, implementation, control, and improvement of legislation in this area. Taking this approach as a basis, the authors considered a solution to the problem of reducing regional institutional imbalances in the field of sustainable development of rural areas.

The study of various aspects of sustainable rural development was carried out by such Russian scientists as V.M. Bautin, L.V. Bondarenko, I.N. Buzdalov, T.I. Zaslavskaya, V.V. Kozlov, A.V. Merzlov, V.V. Miloserdov, T.G. Nefedova, B.P. Pankov, V.V. Patsiorkovsky, A.V. Petrikov, A.F. Serkov, N.G. Tarasov, I.G. Ushachev V. Ya.

Uzun, N. Shagaida. All studies emphasize the need to equalize the standard of living in the city and in the countryside, increase employment and income of the rural population, social development of the village, development of local self-government, and ensure equal access to social benefits for all segments of the population, regardless of where they live. Sustainable development of rural areas is interpreted as a purposeful process of transition of the rural community to a qualitatively new level, taking into account the implementation of the sustainable development goals (SDGs). Then the sustainable development of rural areas will become an imperative of world globalization processes.

In all studies of the problem of sustainable rural development, great attention is paid to the state agrarian policy. Sustainable development of the agri-food system is not possible without an effective agricultural policy aimed not only at achieving food security parameters, but also solving economic, social, and environmental problems.

The influence of the current agri-food policy on the sustainable development of the agricultural sector is disclosed in the works of S.V. Kiselev, V.I. Nazarenko, A.G. Paptsov, L.S. Revenko, E.V. Serova, B.A. Chernyakov and others. The experience of the agrarian policy of foreign countries is generalized, trends in the development of the world food market, the level of achieving food security parameters from the point of view of the implementation of sustainable development goals (SDGs) are identified.

Methodological approaches to the definition of indicators of sustainable development of rural areas are considered in the works of domestic scientists S.N. Bobylev, L.V. Bondarenko, O.V. Kozlovskaya, L.S. Korbut, V.M. Laverov, L.A. Ovchintseva, N.P. Tarasova and others.

The world practice of solving the problems of rural development testifies to the constant search for ways to increase the stability of rural areas, including all its aspects. The issues of sustainable development of rural areas have been investigated in the framework

of projects of many international organizations (FAO, European Union, United Nations Commission on Sustainable Development, OECD) [10, 12, 13, 15].

Unresolved problems in the development of the village have updated the research data. Thus, the EU decided to gradually reorient from supporting the agro-industrial complex as a whole to support rural areas. In 2005, the Council of the EU issued a Directive on the Support of Rural Development by the European Rural Development Fund (EAGGF), which is mandatory for inclusion in the national programs of EU countries. In 2015, the Rural European Parliament Campaign was initiated by three pan-European non-governmental organizations [30]. European countries have collected ideas from rural communities aimed at rural development. Proposals from national conferences and rural parliaments from these countries were also used. This allowed in 2015 at the European Rural Parliament, which was attended by 240 people from 40 countries, representatives of governments and international organizations, to adopt the European Rural Manifesto. In 2018, FAO produced the report Making Rural Areas More Attractive to Young People, examining the situation around the world [22, 24]. The analysis of the reasons for abandoning agricultural activity is presented. In September 2019, the European Parliament prepared a report «Research for the Agro-Industrial Committee - Megatrends in the Agri-Food Sector», which provides a certain vector for predicting the future of the village, although the very concept of «rural areas» is not used in it [23].

Russian legislation introduced the concept of «sustainable development of rural areas» by the Federal Law of December 29, 2006, N 264-FZ «On the development of agriculture». The term received the current definition in the Concept of Sustainable Development of Rural Territories of the Russian Federation for the period up to 2020 approved by the order of the Government of the Russian Federation dated November 30, 2010, N 2136-r. In 2013, the Federal Target Program «Sustainable Development of Rural Areas for 2014–2017

and the period until 2020» began to be implemented. In 2017, the Government approved the Strategy for Sustainable Development of Rural Areas of the Russian Federation for the period up to 2030.

In 2018, the FTP was integrated into the State Program for the Development of Agriculture and the Regulation of Agricultural Products, Raw Materials and Food Markets for 2013–2020 (which has been extended until 2025). The departmental target program «Sustainable Development of Rural Areas» is referred to as the process part of the State Program. Thus, this target program is deprived of its independent status, which further exacerbates the insufficient effectiveness of the measures taken. This actualizes the search for ways to increase the sustainability of rural development, the formation of a new agri-food policy aimed at effective rural development.

The works of many Russian scientists are devoted to the theory and methodology of researching rural poverty, analyzing its level and structure, and federal and regional aspects of policies to overcome rural poverty.

MATERIALS AND METHODS

Studying the system of scientific theories, concepts, modern socio-economic problems of sustainable development, the authors identified the specifics of the concept of sustainable development of rural areas as interconnected into a single system of economic, social, and environmental goals and objectives: sustainable growth of the rural economy, diversification of its structure [9], the achievement of food security; increasing employment, the level and quality of life of the rural population, reducing interregional and intraregional differentiation, eliminating poverty, bringing the countryside closer to urban living standards; rationalization of the use of natural potential and preservation of the natural environment.

Solving the problems of social development of the countryside contributes to the transition to an inclusive development model. The research methodology is based on a set of conceptual provisions that substantiate the

relationship between the rates of economic growth and the solution of a whole range of social problems. The model of inclusive development is quite relevant, it has been widely studied by international organizations (UN, IMF, OECD, World Bank). The authors have developed methodological approaches to assessing the level of inclusive development about the agri-food system [7, 8].

Coping with the consequences of the COVID-19 pandemic and mobilizing efforts to achieve the Sustainable Development Goals (SDGs) provide a rationale for new priorities in agri-food policy. This concerns the processes of improving economic integration within the global agri-food system, developing social protection to combat poverty, ensuring food safety and trade, increasing the resilience of small forms of agribusiness to recovery, preventing the next zoonotic pandemic [11].

For a qualitative study of the listed problems, a number of methods and approaches should be used: systemic, institutional, evolutionary, logical, comparative. The application of a systematic approach involves considering the agri-food system as a set of interrelated and interacting elements. The transition to an inclusive model requires a study of the consistency of interaction between representatives of agribusiness, the public sector, and civil society within the framework of a social contract.

The combination of evolutionary and institutional approaches to the study of the peculiarities of the development of the agri-food system made it possible to carry out a comparative analysis of the level of achievement of social development goals depending on the place of residence of the population, to assess the contribution of state target programs to their implementation, to identify the impact of convergence and divergence of the population's standard of living on the nature of economic growth. The author's methodology made it possible to substantiate the criteria and indicators characterizing the level of social inclusion [6]. By this approach, an empirical research base was formed and a comprehensive assessment of the social development of the village was given in the context of the following aspects:

-unemployment of the urban and rural population;
 -resources and final consumption expenditures, on average, per household member;
 -physical and economic accessibility of basic food products for the urban and rural population.

RESULTS AND DISCUSSIONS

Rural social development is hampered by a relatively high level of poverty. The study of poverty has always been the focus of attention of economists and sociologists not only in Russia, but throughout the world. In Russia, the category of the poor includes the population with an income level below one living wage. The share of Russians with incomes below the subsistence level in 2020 was 13.5% (19.9 million people). This was facilitated by a decrease in business activity and, as a result, a decrease in income during the pandemic.

The most acute problem is rural poverty, and the level of which is many times higher than poverty in the city and the entire population of the country. As Academician A.V. Petrikov affirmed, «poverty in Russia has a rural face». This is due to the interaction of various and interrelated factors:

- high level of rural unemployment and underemployment, low wages and labor productivity;
- underdevelopment of social infrastructure facilities;
- low level of education and professional training;
- reduction in the size of the middle class as a bulwark of stability in society;
- social and regional differentiation of socio-economic development.

The negative consequences of the transformation of the economic system most strongly affected the rural population; a large number of poor people live in Russian villages. The distribution of the poor population by place of residence is shown in Figure 1.

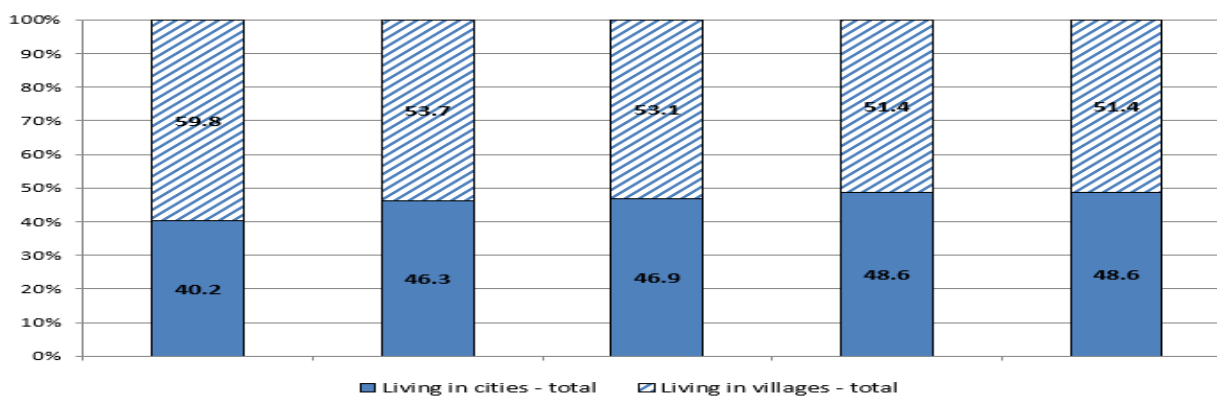


Fig. 1. Distribution of the poor population by place of residence
 Source: Own calculation.

Rural settlements are home to 51.4% of the population with an income below the subsistence level. However, given that the share of the rural population of Russia is 25.3%, the share of the poor in the rural population will be much higher than in the city. Thus, the share of the population with monetary incomes below the subsistence level in the countryside exceeded 25%, while in the city - only 8% (Table 1).

The ratio of the poverty level depending on the place of residence can be estimated using the indicator "risk of poverty".

The poverty risk was calculated as the ratio of the share of the population with money incomes below the subsistence level for population groups depending on the place of residence to the average value of this indicator.

Table 1. Indicators of poverty level in urban and rural population

| Indicators | 2015 | 2016 | 2017 | 2018 | 2019 | 2019/2015.% |
|---|-------|-------|--------|--------|--------|-------------|
| Population with cash incomes below the subsistence level. mln. | 19.6 | 19.4 | 18.9 | 18.4 | 18.1 | 92.3 |
| Cost of living, rubles per month | 9,701 | 9,828 | 10,088 | 10,287 | 10,890 | 112.3 |
| The share of the population with cash incomes below the subsistence level. % (total population) incl. | 13.40 | 13.24 | 12.87 | 12.53 | 12.33 | 92.03 |
| Urban population | 8.37 | 8.36 | 8.41 | 8.16 | 8.02 | 95.83 |
| Rural population | 27.78 | 27.35 | 25.85 | 25.35 | 25.06 | 90.18 |
| Share of rural population. % | 25.9 | 25.7 | 25.6 | 25.4 | 25.3 | 97.68 |

Source: Own calculation.

When analyzing the risk of poverty, it should be borne in mind that the proximity of this indicator to 1 corresponds to the average level of risk. Higher values of the risk of poverty signal the critical distress of this population group. The analysis revealed that the risk of

poverty for the rural population is more than three times higher than the risk of poverty for the urban population. An alarming symptom is the re-growth of the poverty risk gap between the urban and rural population, which is narrowed in 2017 (Table 2).

Table 2. Indicators of poverty risk by population groups depending on their place of residence

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2019/2015.% |
|--|-------|-------|-------|-------|-------|-------------|
| Urban population | 0.625 | 0.631 | 0.653 | 0.651 | 0.650 | 104.1 |
| Rural population | 2.073 | 2.066 | 2.009 | 2.023 | 2.032 | 98.1 |
| Ratio of poverty risk for rural and urban population | 3.32 | 3.27 | 3.07 | 3.11 | 3.12 | |

Source: Own calculation.

A joint analysis of the indicators of the proportion of the population with money incomes below the subsistence level and the risk of poverty for the population living in cities and villages made it possible to construct poverty fields for the urban and rural population (Fig. 2). This approach makes it possible to more adequately assess the depth of rural poverty, which will make it possible to substantiate the guidelines for the poverty reduction policy.

We consider it necessary to analyze not only the incidence of poverty but also its depth. Even in developed countries, it is not uncommon for a situation where, even with a decrease in the incidence of poverty, its depth increases. It is obvious that, despite the measures taken, the depth of poverty in Russia in general and for the rural population, in particular, is becoming threatening. The conditions created by the COVID-19

pandemic will seriously exacerbate this problem.

Despite several measures taken by the government to bring the Russian agri-food system to the trajectory of sustainable development, most of the villagers (about 60%) consider themselves poor and disadvantaged.

Positive economic results, manifested in the development of grain farming, pig and poultry farming, as well as in increased investment in agriculture, were offset by a large number of unsolved social problems.

One of the significant causes of poverty is the high unemployment rate. According to preliminary data, the number of unemployed in Russia in 2020 was about 4.8 million people, which is 47% more than in 2019.

The proportion of the unemployed among the working-age population in 2020 reached 6.4% against 4.6% in 2019. Rural unemployment looks more critical.

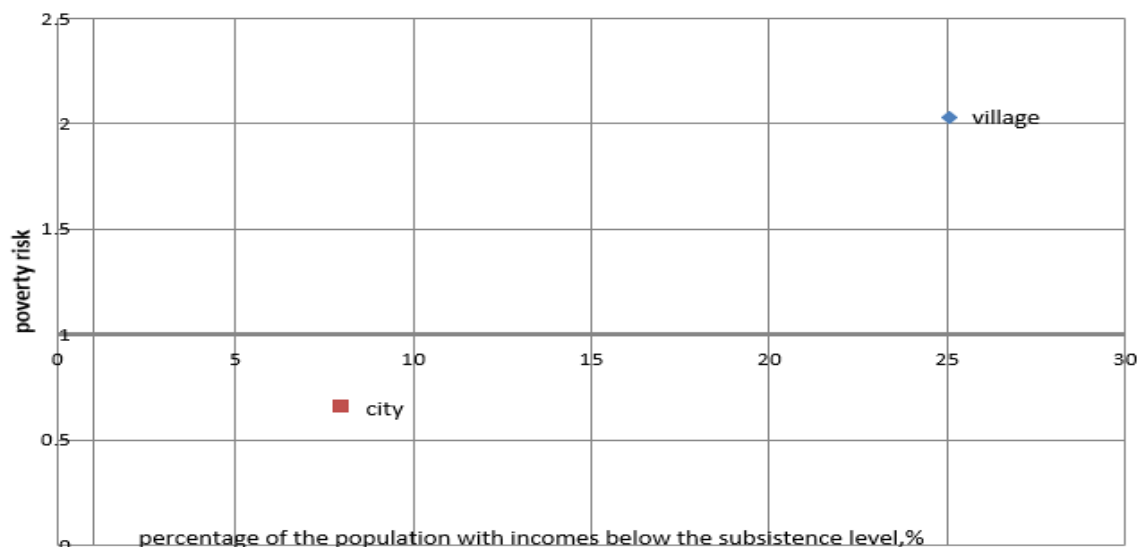


Fig. 2. Poverty fields of the urban and rural population of Russia (according to 2019 data)
 Source: Own calculation.

Despite the significantly lower share of agricultural workers in the number of employed in the economy as a whole, rural unemployed makeup more than half of the registered unemployed. The analysis showed

that the rural unemployment rate is almost 1.8 times higher than the urban unemployment rate. For a rural dweller, the problem of finding a job is more acute; he spends 17% more time finding a job (Table 3).

Table 3. Indicators of the unemployment rate depending on the place of residence

| | Unemployed people aged 15 and over thousand people. | | The unemployment rate of the population. % | | | Average job search time. months | | |
|------|---|---------|--|---------|----------------|---------------------------------|---------|----------------|
| | city | village | city | village | village / city | city | village | village / city |
| 2015 | 2,825 | 1,438 | 4.8 | 7.9 | 1.646 | 6.9 | 8.0 | 1.159 |
| 2016 | 2,805 | 1,438 | 4.8 | 8.0 | 1.667 | 7.2 | 8.5 | 1.181 |
| 2017 | 2,543 | 1,427 | 4.3 | 8.0 | 1.860 | 7.2 | 8.4 | 1.167 |
| 2018 | 2,367 | 1,291 | 4.0 | 7.3 | 1.825 | 7.1 | 7.9 | 1.113 |
| 2019 | 2,284 | 1,181 | 3.9 | 6.9 | 1.769 | 6.5 | 7.6 | 1.169 |

Source: Own calculation.

It should be noted, however, that many villagers are not registered as unemployed. Therefore, the actual unemployment in the village is much higher than the official level. Against the background of hidden unemployment and the single-industry structure of the rural economy, the problem of labor surplus in rural areas is aggravated. The most difficult thing is to solve the problem of employment for young people (Fig. 3). Studies have shown that with the relatively successful development of the market for material and technical resources, investments and innovations, some positive experience of using digital platforms, a full-fledged labor market in rural areas has not yet been formed.

The modern agrarian economy is not yet capable of absorbing the surplus supply of labor resources. And at the same time, agricultural enterprises are forced to maintain surplus labor, while experiencing a shortage of qualified labor.

The high level of rural poverty and unemployment, the imperfection of the labor market, and the low level of wages do not allow breaking the vicious circle in which the agrarian economy of Russia finds itself. Thus, insufficient efficiency of agricultural production does not allow increasing the level of profitability and wages.

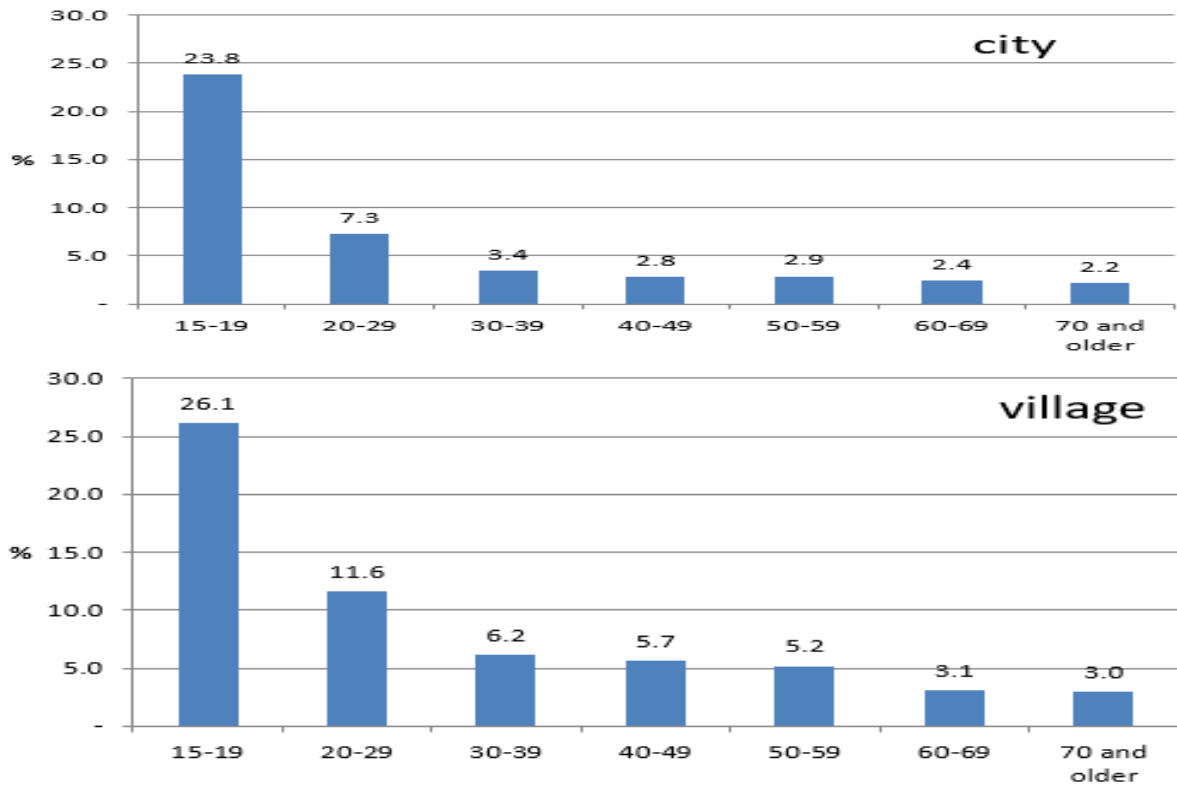


Fig. 3. Unemployment rate of urban and rural population aged 15 and older by age group, %
 Source: Own calculation.

This does not induce both demand and supply in the rural labor market, especially qualified personnel. The low level of wages generates a correspondingly low standard of living for the

rural population, hinders the social development of the territory, and limits tax revenues from economic activities.

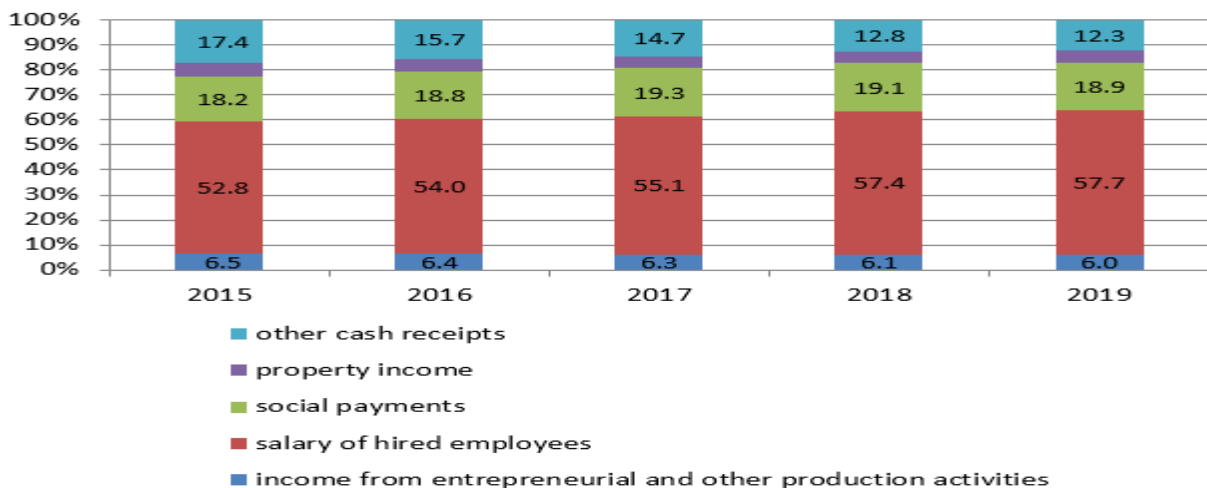


Fig. 4. The structure of cash income of the population of the Russian Federation by sources of income, %
 Source: Own calculation.

An analysis of statistics allows us to conclude that the nominal average wage has grown by more than 6% in January-May 2020 compared to the same period in 2019. However, the proportion of Russians, for whom wages are

becoming the main source of income, has already grown to 65.3%. There is a threat of an exacerbation of the economic crisis and an increased risk of an increase in the number of unemployed. The

share of income from entrepreneurial activity in the income of the population decreased to 6%. At the same time, the contribution to the income of social payments remains quite high (Fig. 4). The analysis revealed a significant gap in the resources of urban and rural households. Thus, income in rural households does not exceed 2/3 of income in urban households (Table 4).

Thus, the formation of worse living conditions for the rural population activates migration processes: there is an outflow of the economically active rural population to the cities. This repetitive feedback loop aggravates the already dire situation in the Russian countryside, leading to its depopulation.

Table 4. Disposable resources on average per household member per month (rubles)

| Indicators | | 2015 | 2016 | 2017 | 2018 | 2019 | 2019/2015. % |
|---|----------------|----------|----------|----------|----------|----------|-----------------|
| Disposable resources. Total | All households | 23,084.8 | 24,209.8 | 24,926.5 | 26,917.7 | 28,995.2 | 125.6 |
| | city | 25,466.4 | 26,719.7 | 27,206.8 | 29,556.9 | 31,931.9 | 125.4 |
| | village | 16,639.7 | 16,971.0 | 18,309.1 | 19,188.5 | 20,360.8 | 122.4 |
| Of them: cash income | All households | 20,621.5 | 21,753 | 22,359.2 | 23,628.8 | 25,792.2 | 125.1 |
| | city | 22,848.3 | 24,114.8 | 24,589.6 | 26,063.1 | 28,566.3 | 125.0 |
| | village | 14,595.1 | 14,941.1 | 15,886.7 | 16,499.6 | 17,635.8 | 120.8 |
| in-kind cost | All households | 794.1 | 766.7 | 762.2 | 758.4 | 812.1 | 102.3 |
| | city | 641 | 602.1 | 591.1 | 580.9 | 637.8 | 99.5 |
| | village | 1,208.3 | 1,241.4 | 1,258.8 | 1,278.1 | 1,324.8 | 109.6 |
| the amount of funds attracted and spent savings | All households | 1,669.3 | 1,690.2 | 1,805 | 2,530.5 | 2,390.9 | 143.2 |
| | city | 1,977.1 | 2,002.8 | 2,026.1 | 2,912.8 | 2,727.8 | 138.0 |
| | village | 836.2 | 788.5 | 1,163.6 | 1,410.8 | 1,400.2 | 167.4 |

Source: Own calculation.

In disposable resources, the largest share belongs to cash income (86% in the countryside and 89% in the city). Recently, the share of in-kind receipts in the disposable resources of households has been noticeably decreasing (6.5% in the countryside and 2% in the city). The aggravation of rural poverty is evidenced by the growth of both the amount and the share of borrowed funds and spent savings (up to 7% in the countryside and 8.5% in the city). The limited demand of the population associated with a low level of monetary income is compensated by spending savings. As a result, the savings behavior of households is changing.

A significant factor that determines the sustainability of the development of rural

areas is the low level of wages in agriculture, which determines the poverty of the rural population. The large-scale concentration of poverty in rural areas contributes to the demotivation of labor, the spread of social deviations, mass migration of young people from the countryside, creating real threats to the country's food security.

Agricultural wages are 66.3% of the average wages in the economy. It should be noted that this gap is not closing. Extrapolation of the current dynamics of wages and the construction of linear trends indicates the impossibility in the near future to solve the problem of rural poverty without a significant increase in the rate of growth of wages in agriculture.

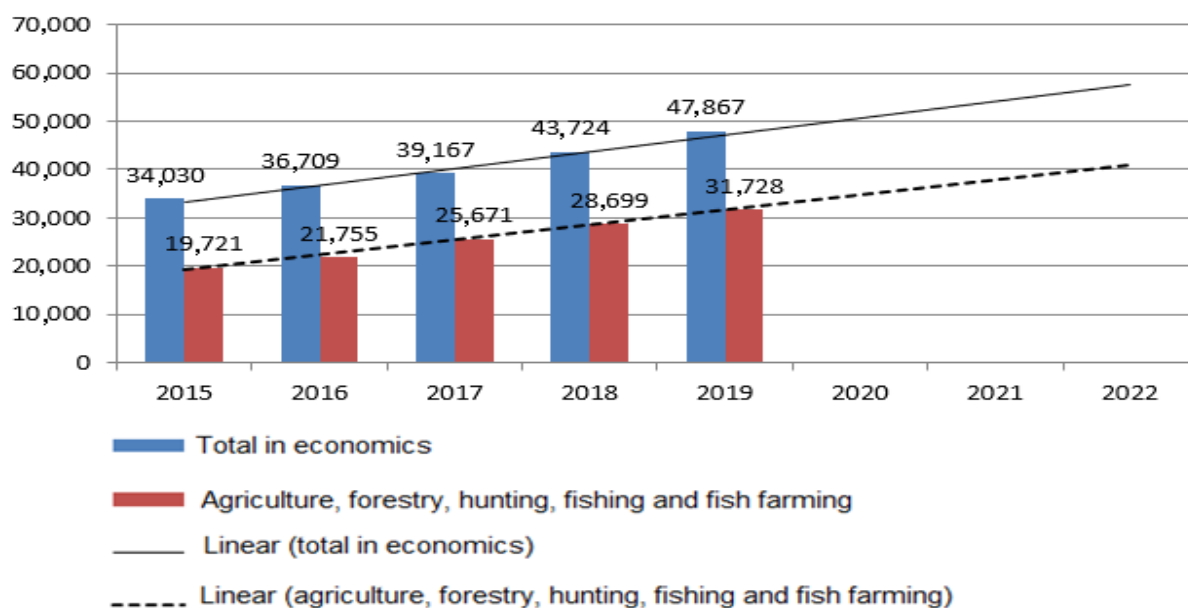


Fig. 5. The ratio of wages in agriculture and the average for the economy
 Source: Own calculation.

The reasons for the low level of wages in rural areas include lack of non-agricultural employment, underdeveloped social infrastructure in the countryside, attachment to personal subsidiary farming. A distinctive feature of our time is pendulum migration, which allows you to get a job in the city.

Differentiation of the level of expenditures on the consumption of urban and rural households is also significant (Table 5). Consumption expenditures in rural households are more than half that of urban households. A smaller gap (18%) is observed in the ratio of food spending in urban and rural areas.

Table 5. Expenditures on final consumption on average per household member per month (rubles)

| Indicators | | 2015 | 2016 | 2017 | 2018 | 2019 | 2019/2015 .% |
|---|----------------|----------|----------|----------|----------|----------|--------------|
| Consumption expenses, total | All households | 14,764.1 | 16,532.5 | 17,319.9 | 18,031.4 | 19,749.4 | 133.8 |
| | city | 16,782.4 | 18,214.3 | 18,905.6 | 19,663.2 | 21,668.7 | 129.1 |
| | village | 11,271.3 | 12,070.4 | 12,718.5 | 13,252.5 | 14,106.2 | 125.2 |
| Home food expenses | All households | 5,221.3 | 5,698.5 | 5,730.9 | 5,776.1 | 6,213.8 | 119.0 |
| | city | 5,338.8 | 5,841.7 | 5,879.5 | 5,914.5 | 6,396.4 | 119.8 |
| | village | 4,903.4 | 5,285.5 | 5,299.8 | 5,370.8 | 5,677.0 | 115.8 |
| The cost of food in-kind | All households | 575.9 | 588.1 | 574.5 | 569.6 | 593.6 | 103.1 |
| | city | 389.2 | 404.6 | 385.5 | 381.2 | 397.9 | 102.2 |
| | village | 108.2 | 1,117.5 | 1,122.9 | 1,121.6 | 1,168.9 | 108.1 |
| Of which: receipts from personal subsidiary plots | All households | 419.7 | 429.4 | 415.9 | 410.7 | 420.2 | 100.1 |
| | city | 241.2 | 254.9 | 237.1 | 231.3 | 234.2 | 97.1 |
| | village | 902.6 | 932.8 | 934.7 | 936.2 | 966.8 | 107.1 |
| Food expenses from total consumption expenses | All households | 5,707.8 | 6,220.7 | 6,250 | 6,352.4 | 6,824.6 | 119.6 |
| | city | 5,932.2 | 6,475.4 | 6,505.4 | 6,621.9 | 7,149.4 | 120.5 |
| | village | 5,100.5 | 5,486.2 | 5,509 | 5,562.9 | 5,869.6 | 115.1 |

Source: Own calculation.

This is due to more significant natural income, including from personal subsidiary plots (more than 4 times). For the period 2015-2019 receipts from personal subsidiary plots for urban households decreased by 3%, and for rural households - increased by 7%.

Analysis of the structure of household expenditures depending on the place of the residence revealed significant differences. So, if in 2019 in the city the share of food expenditures in consumer spending of households was 33.1%, in the countryside - 41.7%. The shares of expenses for payment of services also differ noticeably. At the same

time, there is practically no differentiation in the share of expenditures on non-food products (Fig. 6).

A high share of food expenditures characterizes a low level of affordability of food, which does not meet the main criteria for food security. An analysis of the economic affordability of food in developed countries revealed that the higher the level of development of the national food system and the more it is better integrated into world economic relations, the smaller the share of food expenditures in the population's expenditures (no more than 15%) [5].

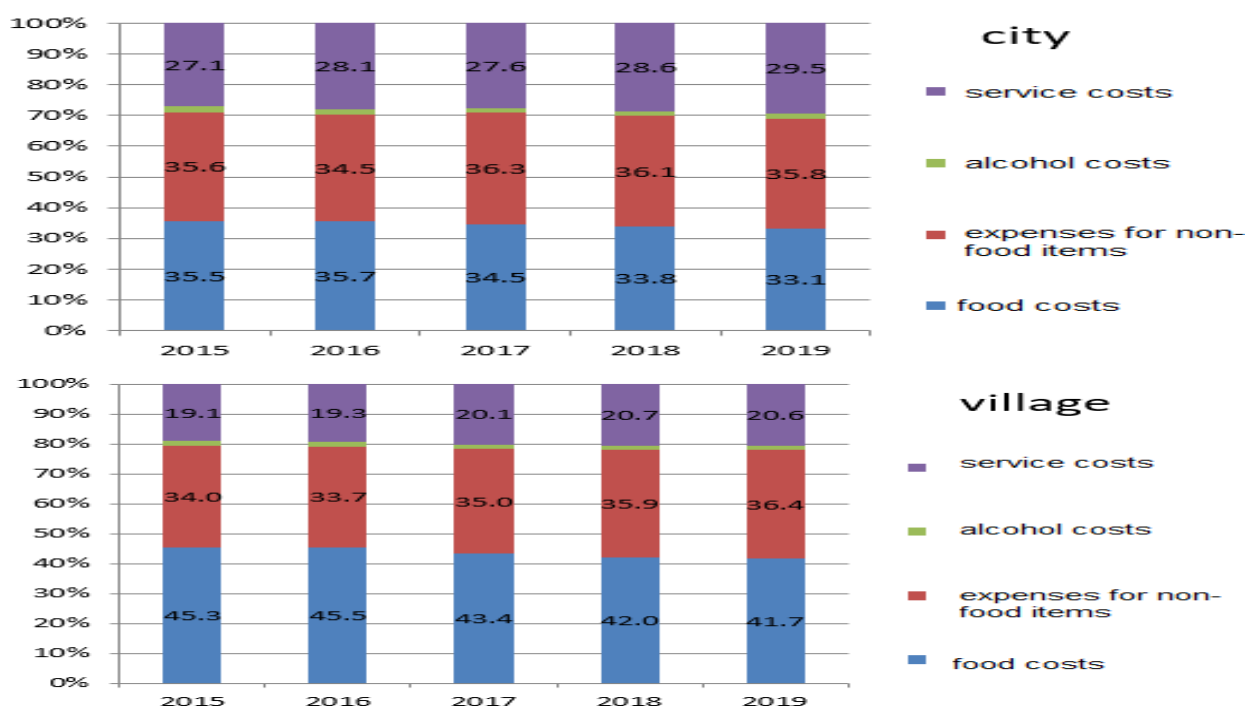


Fig. 6. The structure of household consumption expenditures depending on the place of residence (based on the results of a sample survey of household budgets), as a percentage of the total
 Source: Own calculation.

Solving food security problems is still relevant for Russia as a whole, and especially for rural areas [3, 8]. The food structure of the rural population lags significantly behind the requirements of rational norms of food consumption, despite the greater availability of food from their own subsidiary plots. The diet of villagers is much poorer than in cities: the rural population consumes less meat and dairy products, fruits, but more bread and

potatoes. This is evidenced by the analysis of food security based on the coefficient of the sufficiency of consumption (Table 6). This coefficient is calculated as the ratio of the actual consumption of food products per capita to the rational norms of food consumption. Poor quality nutrition can exacerbate the health problem of rural residents, negatively affect life expectancy in the countryside, and decrease the birth rate.

Table 6. Indicators of sufficiency of consumption of basic food products for urban and rural population

| Food | Terrain | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Bread products (96 kg *) | City | 0.927 | 0.958 | 0.948 | 0.936 | 0.943 |
| | Village | 1.156 | 1.219 | 1.240 | 1.176 | 1.144 |
| | <i>Village/ City</i> | <i>1.247</i> | <i>1.272</i> | <i>1.308</i> | <i>1.256</i> | <i>1.213</i> |
| Potatoes (90 kg *) | City | 0.600 | 0.633 | 0.622 | 0.622 | 0.619 |
| | Village | 0.756 | 0.778 | 0.789 | 0.742 | 0.733 |
| | <i>Village /City</i> | <i>1.259</i> | <i>1.228</i> | <i>1.268</i> | <i>1.193</i> | <i>1.184</i> |
| Vegetables and melons (140 kg *) | City | 0.714 | 0.750 | 0.736 | 0.740 | 0.742 |
| | Village | 0.707 | 0.743 | 0.729 | 0.756 | 0.747 |
| | <i>Village/City</i> | <i>0.990</i> | <i>0.990</i> | <i>0.990</i> | <i>1.022</i> | <i>1.006</i> |
| Meat and meat products in terms of meat (73 kg *) | City | 1.192 | 1.247 | 1.247 | 1.251 | 1.273 |
| | Village | 1.068 | 1.123 | 1.178 | 1.133 | 1.146 |
| | <i>Village / City</i> | <i>0.897</i> | <i>0.901</i> | <i>0.945</i> | <i>0.906</i> | <i>0.900</i> |
| Milk and dairy products in terms of milk (325 kg *) | City | 0.834 | 0.852 | 0.825 | 0.823 | 0.826 |
| | Village | 0.769 | 0.803 | 0.803 | 0.800 | 0.783 |
| | <i>Village / City</i> | <i>0.923</i> | <i>0.942</i> | <i>0.974</i> | <i>0.972</i> | <i>0.947</i> |
| Eggs (260 pcs. *) | City | 0.850 | 0.892 | 0.896 | 0.891 | 0.911 |
| | Village | 0.808 | 0.850 | 0.869 | 0.883 | 0.879 |
| | <i>Village / City</i> | <i>0.950</i> | <i>0.953</i> | <i>0.970</i> | <i>0.991</i> | <i>0.965</i> |
| Fish and fish products in terms of fish (22 kg *) | City | 0.955 | 1.000 | 0.955 | 0.978 | 0.994 |
| | Village | 0.955 | 1.000 | 1.045 | 1.017 | 1.014 |
| | <i>Village / City</i> | <i>1.000</i> | <i>1.000</i> | <i>1.095</i> | <i>1.040</i> | <i>1.020</i> |

* Recommended rational norms of food consumption / Order of the Ministry of Health of the Russian Federation of August 19, 2016 No. 614 "On the approval of Recommendations for rational norms of food consumption that meet modern requirements for healthy nutrition.

Source: Own calculation.

The solution to the problems of social development of the countryside is impossible without an active state policy. Problems of sustainable development of rural areas for a long period of time are at the center of attention of the state. Several targeted programs and projects aimed at developing rural infrastructure (housing, transport, medical, educational), supporting small businesses, employment of young specialists,

etc. have been implemented and accepted for implementation. Since 2013, the Federal Target Program (FTP) "Sustainable Development of Rural Areas" has been implemented. Funding was provided from federal, regional, and extrabudgetary sources. The expenditures on FTP over the past six years from all sources amounted to about 200 billion rubles [31].

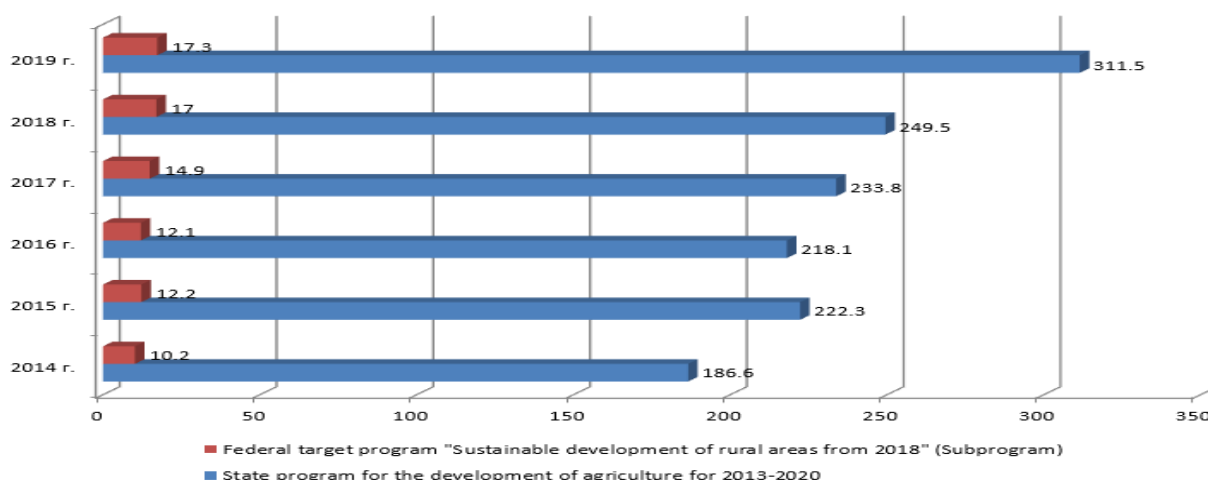


Fig. 7. Financing of the State Program for the Development of Agriculture and Regulation of Markets for Agricultural Products, Raw Materials and Food and the Federal Target Program «Sustainable Development of Rural Areas» from the federal budget in 2014-2019, billion rubles.

Source: Reporting on the execution of budgets [27].

Funding from the federal budget amounted to 83.7 billion rubles. As can be seen from Fig. 7, such volumes of financing in comparison with the total volume of financing of the State Programs amounted to only 5.5-6%. Two-thirds of the total volume of funding were funds from regional budgets (36.2%) and extra-budgetary sources (22.5%).

Resolution of the Government of the Russian Federation No. 696 of May 31, 2019, approved the State Program of the Russian Federation "Comprehensive Development of Rural Areas" for 2020–2025. (the amount of funding is about 2.3 trillion rubles, including from the federal budget - 1 trillion rubles). The main idea of this program is to make the rural area attractive not only for the already living villagers but also for the influx of a new population. The peculiarity of the implementation of this program is the principle of proactive budgeting by citizens, the business community, public and non-profit organizations. A project-based approach to the implementation of activities in the following areas: social infrastructure and housing; engineering and transport infrastructure; culture and sports; living environment; promotion of employment of the population; government services; physical availability of food and household goods, provides for a competitive selection of initiative projects by the Ministry of Agriculture of Russia. The main task is to reduce the level of rural poverty. This program should synchronize the implementation of the entire list of measures to support rural areas aimed at eliminating social degradation in the countryside. The significance of this program is due not only to the importance of solving the "old" social problems of the village, the causes of persistent rural poverty, but also the possible turn of society towards de-urbanization, especially in the context of the Covid-19 pandemic.

However, significant concerns arise from the experience of implementing numerous measures to address sustainable rural development issues. First, the planned conditions and volumes of financing from the federal and regional budgets are not being

met. Secondly, the principle of co-financing laid down in the program, provides for priority financing of settlements where there are jobs and more opportunities to attract funds from extra-budgetary sources. Such conditions will put rural areas with a high level of unemployment, poverty, and low budgetary security in an extremely unequal position, as a result of which the "vicious circle" of rural poverty will not be broken. Implementation of the principle of state co-financing of local initiatives, taking into account the interests of rural areas and the competitive advantages of agribusiness is not now a generally accepted practice of allocating budget funds. Public-private partnership in solving social problems of the village has not yet become the norm.

CONCLUSIONS

The study made it possible to conclude that the implementation of the Sustainable Development Goals (SDGs) based on the model of inclusive growth of the Russian agro-food system is impossible without solving the problems of social development of the countryside. However, the social development of the countryside is hampered by a complex of long-standing problems of domestic agriculture: a high level of poverty, a deformed structure of the labor market, an underdeveloped rural infrastructure, and general degradation of the countryside. Taking into account the new risks of the development of the Russian agri-food system, state policy should be aimed at solving the following tasks of inclusive growth:

- development of social rural infrastructure;
- strengthening of state support for the economic activity of small forms of agribusiness;
- raising the level of education and qualifications of rural residents;
- diversification of the rural economy based on support for non-agricultural activities;
- increasing the physical and economic availability of food;
- bridging the income gap between the urban and rural population and increasing social protection in rural areas.

So far, the lack of coordination in government policy has prevented the problem of rural poverty from being resolved. Programs for the development of social and engineering infrastructure are not funded. Therefore, agricultural production, faced with restrictions on the growth of efficiency, in turn, becomes the cause of an increase in social tension. A real opportunity to respond to this challenge is the state policy of rural social development.

An additional opportunity for the development of rural areas is associated with an increase in the attractiveness of the village as a habitat in a pandemic. This actualizes the revision of the existing concept for the development of rural areas and the fight against rural poverty in line with the model of inclusive development.

In our opinion, both increasing the social responsibility of large agribusiness (agricultural holdings) and the revival of peasant entrepreneurship based on the intensification of state support for the economic activity of peasant (farmer) households and households are important for solving the problems of sustainable rural development. Only in such conditions, on the one hand, the positive dynamics in the development of domestic agriculture can be converted into an improvement in the quality of life of rural residents, and on the other hand, the sustainable development of the countryside will become the basis for strengthening Russia's position in the world food market.

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