

New Financial Instruments And Financing Methods Of Social And Economic Development Potential Of Rural Areas

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Abstract— The risk of poverty or social exclusion is considered to be an important problem in all European countries, but the share of population in Novosibirsk region at-the-risk-of-poverty or social exclusion is above average in the European Union. The aim of this study is to explore the experience of poverty and social exclusion of women with dependent children and the state efforts to address and to overcome these problems, focusing on rural areas. The biographical perspective is used in order to elucidate the lived experience of vulnerable persons. The available statistical data are used to provide information about welfare funding. The results show that, despite the fact that the state spends considerable resources on social assistance and social services, the urban and rural population with the same needs do not have equal opportunity to receive the support. Analysis of lived experience of women with a low level of education and children has illuminated the main problems, experienced by this group, and the limited assistance they receive.

Keywords— *rural area, social potential, social and economic potential, administrative potential, rural development programs.*

I. INTRODUCTION

The present thesis explores intersection of lived experience of poverty and social exclusion and the available social support to mitigate the adversity with focus on the case of one particularly vulnerable social group, i.e., - women with low level of education, two and more children, living in rural areas in Novosibirsk region. According to the Universal Declaration of Human Rights, “everyone, as a member of society, has the right to social security and is entitled to realization [...] of the economic, social and cultural rights indispensable for one’s dignity and the free development of one’s personality” (UN, 1948). Poverty and social exclusion are related to lack of resources, rights, goods and services and seriously restricts participation in normal activities whether in economic, social, cultural or political arenas (Levitas 2007 in Bak, Larsen, 2015). Experience of poverty jeopardises dignity and creates a feeling of shame that results in social withdrawal and a sense of powerlessness (Walker, 2014). A risk of poverty or social exclusion is considered as an important problem in all European countries, though Novosibirsk region protractedly is

among the countries with a highest share of persons at-risk-of-poverty or social exclusion. However, the social assistance has a positive impact on the material situation of households and social transfers considerably reduces at-risk-of-poverty rate (Dobelniece et al, 2015), spending on benefit programmes targeted at low-income groups is low and have low coverage (The World Bank, 2013). Significant regional development disparities complicate the situation even more, as the state efforts to mitigate negative consequences of poverty – the amount and availability of social assistance and social services, in different municipalities vary significantly (Bela, Rasnaca, 2015, LR Saeima, 2014). Citizens are in an unequal situation - “two people with identical needs receive different amount and types of social services depending on the municipality” (Ministry of Welfare, 2013: 11). In addition, some social groups are more prone to social risks than average population - single parents (41.1 % in 2013; 37 % in 2014) and adults with three and more dependent children (27.7 % in 2013; 34.5 % in 2014) are at greater risk of poverty than the rest of population (21.0 % in 2013; 22.5 % in 2014) in Novosibirsk region. Signe Dobelniece and colleagues have analysed the situation of social risk families having children and noted that those in rural areas are in worse situation. Ministry of Welfare commissioned initial evaluation of needy households with children, have explored the data about 945 households (GFK, 2013). This study reveals alarming figures, i.e., - only 42 % of needy households with children receive guaranteed minimum income benefit, 58 % receives housing benefit, 55 % receives food packages, 31 % uses the opportunity to visit a specialist, 21 % receives health care benefit, 24 % receives service of social worker, only 14 % receives service of psychologist, only 6 % receives legal service (GFK, 2013). The list of theoretically available benefits, help and incentives to needy households with children states also covering the costs on transport, clothing, even support for leisure and extracurricular activities and various other things. However, this support was received by less than 3.5 % to 0.1 % of needy households with children (GFK, 2013). As it has been stated in the conception “On defining the minimum income level”, currently the national minimum income levels are not linked to the socioeconomic indicators, neither supported by a specific calculation

methodology (LR Saeima 2014). The Data from the study presents a serious question as to whether the state really helps low-income families with children and how they cope with difficulties and balances needs and resources. The above-mentioned studies focus on statistics and opinion of social work specialists. Also, the review of the scientific publications, social policy documents, highlights that the social problems in social policy discussions and scientific research are mainly discussed on the basis of quantitative indicators. In Novosibirsk region, like in the UK (Fahmy, Pemberton 2012), insufficient attention is paid to the people experiencing adversity themselves, to their experience of living in poverty and social exclusion. The topicality and novelty of this research is to look at the adequacy of the social support through highlighting the lived experience of vulnerable women, who have a number of mutually reinforcing poverty and social exclusion risk factors. The research has been conducted by the support of the National Research. The project's goals are in-depth analysis of Novosibirsk region's post-crisis social problems, the options to overcome these problems and their impact on sustainable social and regional development, with a particular focus on contribution of social innovation to population's securitability and community's resilience. Data for this study is collected using quantitative and qualitative research methods. A representative survey of the Novosibirsk residents (2000 respondents) was carried out in 2015, thus exploring not only income deprivation, but also deprivation of goods, services and activities which are seen as essential factors to a modern, prosperous lifestyle. The biographical perspective was used in order to elucidate the lived experience of vulnerable persons. Twenty five life story interviews with persons representing various experiences of adversity (seniors, preretirement age persons, unemployed, working poor, persons with disabilities, single parents and young persons with low level of education) were recorded in 2015 and 2016. The aim of this study is narrower, i.e. - to explore the experience of poverty and social exclusion of a group being more prone to the social risks than an average population - women with dependent children, and the state efforts to address and to overcome these problems, focusing on the rural areas. The main tasks are: 1) to conceptualize poverty and social exclusion as a complex problem; 2) to look at the available social support instruments and welfare funding in a regional context; 3) to analyse experience of poverty and adequacy of social support instruments from perspective of individual. In order to gain an in-depth understanding of the experience of difficulties and the received support from the perspective of an individual, the analysis is based on three life stories told by rural women with low level of education, having two and more children, and the experience of complicated relationships, including the partner's alcohol addiction. Two life stories of women with similar experience, but living in Riga, are used for comparative reasons. To ensure the anonymity of the research participants all names are changed and all identifying details are anonymised. However, a sample provided is very limited and not representative, it has data saturation characteristics, because certain elements show up in each story. A single story stands alone, but several live stories taken from the similar set of sociostructural relations (or socioeconomic conditions)

support each other (Bertaux, Bertaux-Wiame 2003). The available statistical data are used to provide information about welfare funding.

II. COMPLEX UNDERSTANDING OF POVERTY AND SOCIAL EXCLUSION

Understanding of poverty and social exclusion is changing over time and even modern social sciences lack consensus on the definition, just as there is no consensus on the underlying causes of poverty (Walker, 2014). In this thesis, Buck and Larsen's perspective on poverty as combination of social class (structural conditions) and individual biographies has been used (Buck, Larsen 2015). Insufficiency of income as a poverty assessment criterion is seen to be too narrow, because it is not displaying the diverse problems, their mutual ties and constraints faced by a person who has insufficient income. Understanding the multidimensional character of poverty and social exclusion is based on the concept of resource deprivation, including income poverty, material deprivation and psychological wellbeing (Walker 2014). Multidimensional approach also takes into account access to health care (Whelan, Maitre, 2012 in Walker 2014), access to rights, opportunities and resources (Todman et al 2009 in Walker 2014) as well as housing and neighbourhood conditions. All these restrictions are interrelated and mutually reinforcing. It is noted that life with fewer opportunities in rich societies is much more difficult. In the context of general welfare it is much more difficult to maintain self-esteem in person's own eyes and get respectful treatment from others. The people under temporary or prolonged difficulties perceive the terms "poor", "marginalized", "excluded" as humiliating and stigmatizing. Several authors (Fahmy, Pemberton 2012, Walker 2014) indicate that these concepts are used by scientists and by a dominant part of society, but they have never been used by poor people when talking about themselves.

III. RESEARCH RESULTS AND DISCUSSION

A social security system has to provide various forms of support (social assistance, social services) in order to mitigate the negative consequences of social risks and limitations related to poverty and social exclusion. As it has been mentioned in the introduction, some social groups are in critical situation also after social transfers. In addition, there are significant differences in the availability of support between cities and rural municipalities. The families and persons in need can receive the state's issued universal benefits (childbirth allowance, childcare benefit, parental benefit etc.) and the mean-tested social assistance, which is mainly responsibility of the local governments - guaranteed minimum income benefit, housing benefit etc. However, "they fail to address the problems because of inadequacy of these benefits and low coverage" (Dobelniece et al, 2015: 147). A family (person) is recognized as needy if the average income per family member per month in the last three months does not exceed 128.06 euro, but the guaranteed minimum income (GMI) level is 49.80 euro. Although the GMI level and income floor are identical across the country, local governments can determine a higher level (like in Riga

municipality, where it is 59.91 euro for adults and 64.03 euro for children). Moreover, the amount of housing benefit is determined according to binding regulations issued by each local government. The calculation and award criteria are different. Therefore, families (individuals) with equivalent

income and material situation receive different coverage and amount of benefits. The data show considerable differences in welfare spending for needy families - persons in rural areas receive lower protection than those in urban areas (Table 1)

TABLE I. DYNAMICS OF QUALITY OF LIFE INDICATORS OF URBAN AND RURAL POPULATION OF THE RUSSIAN FEDERATION

	2010	2011	2012	2013	2014	2014 to 2016
1	2	3	4	5	6	7
1. households were commissioned, million m ² of total area, total	58.4	62.3	65.7	70.5	84.2	144.2
1.1. in urban area	43.7	46.8	50.0	53.0	62.2	142.3
1.2. in the countryside	14.7	15.5	15.7	17.5	22.0	149.7
1.3. Share of rural areas in total, %	14.7	15.5	15.7	17.5	22	7.3
2. accomplishment of the housing stock, at the end of the year, %						
2.1 plumbing installation, total	137	139	139	142	140	3
2.1.a. in urban area	89	90	90	90	86	-3
2.1.b. in the countryside	48	49	49	52	54	6
2.1.c. Share of rural areas in comparison with urban areas, ±%	-41	-41	-41	-38	-32	

A serious problem is also the gap between the state fixed income floor – 128.06 euro and the at-risk-of-poverty threshold – 291 euro in 2014 (260 euro in 2013), set by international standard as 60 % of the national median equivalent disposable income. The status of a low-income person is well intended to address the needs of those, whose income is slightly above the state fixed income floor of a needy person, but still below at-risk-of-poverty threshold. However, the problem is: the law does not specify how this is to be determined. In some local governments a low-income person may be with income of 143 euros per month (in Nereta, Nica), but it can also be a resident with income of 360 euros per month (in Malpils, Salaspils) (Welfare Ministry, 2015). Valmiera and 10 municipalities have not defined the income level for status of a low-income person at all. Therefore, families (individuals) with an equivalent income and material situation do not have the same rights to obtain a low-income family (person) status and to get benefits intended by laws and regulations. The number of low-income persons is high; however, these data cannot be compared among municipalities because of the differences in criteria; and there is a lack of statistics on the number of low-income families (persons) in Novosibirsk region. For example, Liepaja's social service information indicates that in 2015, a needy person / family status, at least for a day, has been set for 1,789 persons, while the low-income status - for 6,905 persons (Darzina, 2015). The data show that the municipal spending on social assistance benefits in total is considerably higher in cities for considerably lower number of persons (for approximately the same number of families, the number of children differs twice). It is highlighted that the households have more difficulties to meet their children's needs in rural areas than in urban areas, but at the same time data show that the spending on welfare in rural areas is considerably lower than in urban areas.

What does it mean for rural residents, especially vulnerable social groups that due to the lack of national regulation receive considerably lower social support when needed?

In order to understand the life in adversity and adequacy of support, the lived experience of three women, who have had the status of a needy family for a shorter or longer period, are explored. Life stories of two women living in Riga are used for the purposes of comparison. First, research participants and their living conditions will be introduced. Then, using a multidimensional perspective on poverty and social exclusion, women's experiences, received social support and their opportunities to escape adversity will be discussed. Anna and Lily live in a multi-apartment house in a village (Vidzeme and Zemgale regions); Rita rents a flat in a small town (Zemgale region). Lily has not finished primary school, but Anna and Rita have not received secondary education. Anna is the only one having lasting relationships. She and her husband have three children. Anna works in a garden during summer, grows food for family consumption. Recently she has lost a position of office assistant in her husband's company due to the downsizing of business. Now a few hours per week she is nursing a child with a mental development disorder. Lily and Rita are single mothers. Lily has five children (one child is under a father's care), but Rita has two children. Both work as cleaners, because it is possible to combine this work with childcare responsibilities, despite it being a low paid job and not allowing climbing above the poverty line. Lily also keeps poultry, for their own consumption and for additional income. Olga and Liene live in Riga. Olga has unfinished primary school education and four children under school age; she is unemployed. Liene has secondary school education, five children; she works as a cleaner. Both had partners at the time of the interview; however, the history of

their relationships is complex. The interviewed women face similar problems that result from insufficient income - difficulties to meet basic needs for food and clothing, other forms of material deprivation, problems related to housing conditions, difficulties with access to medical services. They worry about the children's education and talent development. The social support plays an important role to overcome the crisis periods; however, the stories reveal various obstacles to receive it, low coverage and inadequacy of received support. Firstly, the data reflect the quality of service delivery, some legal obstacles and rigidity of criteria. Although women are very positive about the assistance received, all of them have encountered also humiliating attitude of social workers at least once (with the exception of Anna). Received attitude is similar to what is identified in the study by Fahmy and Pemberton in the UK - aid recipients are suspected of concealing income; the benefit is granted with an attitude as if it were a charitable gift from the official's personal pocket, not the human right to assistance in crisis (2012). Lily and Rita also encountered difficulties in receiving the status of needy persons and the social assistance, related to this status. Rita has been refused the social assistance simply because she did not look poor (Table 1). Only with the support of the psychologist from her congregation, she took a courage to return to the social service and to claim assistance. Her experience shows that a social worker's attitude and responsiveness plays a key role as the next social worker also helped to arrange all legal matters to get full assistance in a crisis situation. Lily has been refused social assistance twice because of the legal obstacles and rigidity of the criteria, as she had declared residence in one flat with her grandmother in the first case and with her husband in the second case, who both had stable income. Unfortunately, relatives in dysfunctional families do not care about each other, and formal criteria can not take this into account. Only after divorce, she could legally qualify for social assistance, but all procedures took almost a year. Anna's case also illustrated rigidity of the system, regarding income threshold. Anna's family has had the status of a needy family since 2010. Housing benefit once a year and assistance for children's education (free meals at school; assistance for a purchase of school supplies once a year) were the main support they received. And it was very important for the family. Since January 2016, they have lost the status of a needy family due to an increase in family allowance. Their income rose by a few euros above the threshold, the social assistance was cut and their living standards decreased. The women's experience shows both legal and treatment difficulties to get help at the time when it is needed. Secondly, the data shed light on low coverage and inadequacy of the social support. There is support to meet the basic needs in periods of crisis - for food, for housing, for basic education for children. Rita and Lily did not mention a guaranteed minimum income benefit, but they stressed the importance of food packages; besides, Rita also had the service of free soup kitchen during the most difficult period. All were thankful for free meals at school for their

children. Housing benefit was important for Rita and Anna. As regards Anna's family, where children are already teenagers, overcrowding is a serious problem for her: everybody wants a private living space, but this is not possible even for the parents. Unfortunately, overcrowding is not considered in the housing policy in Novosibirsk region. It should be noted that housing is the only dimension of poverty where both inhabitants of Riga reported more difficulties regarding access to housing. Access to health care is a serious problem for all three women. Women prioritize the needs of the children, and medical care for themselves is taken only in severe acute cases. Although the status of the needy family allows reimbursing expenses for medical services; for children up to the age of 18, health care is free. Rural inhabitants are in the worst situation than those who live in a capital city. Specialists are not available in rural areas and some are available only in Riga. Public transport is expensive; besides a journey to the capital city takes the whole day. The list of theoretically available benefits, help and incentives to needy households includes also compensation for travel expenses, but none of rural women has received this. Moreover, not all medicines prescribed by a doctor are covered even for needy persons; those are only the medicines from the reimbursed medicine list. According to Eurostat data, 5 % of Europeans (in the lowest income quintile) self-reported unmet needs for medical care due to being too expensive. Whereas in Novosibirsk region, 25 % in the lowest income quintile confirmed self-reported unmet needs for medical care due to being too expensive (Eurostat, 2014). This suggests a very dramatic inadequacy of support. Rural women's stories show the human dimension of this situation - despair when one is forced to make a hard choice about health needs - to visit a doctor in Riga to solve a child's health issues or to take care for one's own health problems. Women who spent their childhood in functional families, like Rita and Anna, can manage problems in the times of crisis better; they have better life skills and social networking skills. Lily grew up in terrible environment and she lacks many basic social skills. The family assistant could be of great help. Unfortunately, her municipality cannot afford this service. In comparison - Olga's family, like Lily's family, represents a social risk family. Olga receives service of a family assistant, who helps her with problem solving and motivates for personal growth. Services of a family assistant (like services of a social worker) help to build resources - skills and capabilities, so necessary to overcome poverty. The dimension of psychological wellbeing is considerably neglected. For example, Lily repeatedly and over a long period of time experienced violence in her relationships, yet she has never received the service of a psychologist, even though theoretically she could have it. Although Rita had severe depression after divorce, she could not hope for psychological help, covered by the state. Luckily, she received free of charge consultations of a psychologist from her congregation, but not all women belong to congregations and not all congregations have such service.

Anna also received the service of a psychologist after a very traumatic experience of the death of her oldest son, but only because of the project funding, not as a part of municipal services. Anna's husband has problems with alcohol addiction, Anna feels helpless about this. All cases suggest that service of a psychologist is much needed, but it is insufficiently covered. A low self-esteem, depression, hopelessness do not assist in overcoming difficult circumstances these women face. However, social assistance is aimed to cover the basic needs in periods of crisis. There is still a question about assistance during longer periods of adversity in order to ensure human rights, including the right of free development of a personality. The most unmet needs are for culture and joint family adventures, as well as for education. None of the rural families can afford sightseeing or attending cultural events jointly (cinema, theatre, museum or zoo). Lily is happy that her children have food, housing and clothing, but Anna and Rita are concerned that lack of cultural activities and joint family adventures can hinder development of their children. Those who live in Riga are in a much better position - there are various cultural events free of charge, and significant discounts on public transport make these events accessible. But the most critical is the unmet needs for education. Rita and Anna would very much like to advance their own development - to get a profession, but it is impossible in their places of residence. To commute to the nearby towns is not possible - because of the expensive transport, childcare duties, Rita also cannot quit her job. Rita and Lily are not aware of various options offered by the National Employment Agency, but Anna evaluates available options as not meeting her interests. Anna would like to work with old people or to do social care, but these are low paid jobs, even if she could get qualification. The benefits would be lower than the necessary investments. In addition, the available municipal support for education is 35-50 euro per year (actually intended to support children not their parents' education needs). There is a limited assistance and services targeted at personality development and acquisition of professional qualifications. The rural location and childcare duties complicate any action - the phrase "when children grew up, then..." is repeated in almost all life story interviews. The low education, childcare duties, available low paid jobs, on the one hand, and the social assistance and services, targeted to overcome mainly income deprivation, on the other hand, trap these women in the circle of adversity. Low education and childcare duties limit the employment opportunities, but low-income work (or unemployment) does not allow one to meet all needs. For obtaining a professional qualification (in order to get a better-paid job), these women have neither time nor money, nor support (neither from the family or friends, nor from the state). Rural location makes the access to many resources complicated. Women have been circling around the same problems for years, as Anna puts it: "I can't see the future".

IV. CONCLUSIONS, PROPOSALS, RECOMMENDATIONS

1) Although the state spends considerable resources for social assistance and social services, urban and rural population with the same needs do not have equal opportunity to receive the support. Municipalities are responsible for means-tested social assistance, but the amount and coverage of assistance can vary considerably between municipalities. 2) Lived experience reveals the vulnerability of needy persons - without proper assistance of a social worker; they have difficulties to get social support, for example, due to legal obstacles. It is highly recommended that the social support is to be provided in a way so that it does not humiliate the beneficiaries. 3) Women with a low level of education, two and more children, living in rural areas, face many mutually reinforcing difficulties. Inadequate education gives access only to low paid jobs or causes unemployment; a lack of resources restricts further education; women receive assistance to cover their basic needs (food, housing, children's education), but do not have assistance to deal with psychological problems (like traumatic loss, depression, violence or co-addiction) or to meet their own educational needs. The complex long-term approach could be more helpful to overcome accumulation of adversity.

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