

# Services of non-profit organisations in sustainable development and economic security of rural areas

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**Abstract.** The paper studies the problems of non-profit organisations and their provision of social services in the processes of sustainable development and economic security of rural areas. The methodological basis of the research includes the theoretical positions of regional typology, sustainable development, regional and spatial economics, as well as approaches to the study of the effectiveness of non-profit organisations. The functioning of non-profit organisations, as well as the demand for social services, is revealed by using a combination of methods: dialectical, causal and ranking values of statistical indicators. The problems of rural development in agrarian-industrial regions are highlighted and the participation of non-profit organisations in solving these problems is substantiated. The authors emphasise the need to apply the mechanisms of programme-targeted management of rural development in the context of sustainable development processes and economic security.

## 1 Introduction

Russia covers more than 17 million square kilometres, which 400 million hectares (23.4 per cent) is agricultural land. According to official statistics, the country's rural population stood at 37.2 million on 1 January 2020, which is 25.36% of the total population of the country [1]. In some regions, the proportion of the rural population is higher. The Orenburg and Kurgan regions are prime examples of such subjects of the Russian Federation as part of the Urals macro-region. The proportion of the rural population in these oblasts is significantly higher than in the other subjects, as shown in Tables 1,2.

**Table 1.** Rural and urban population in Kurgan region[2].

Year	Urban population	Rural population
2018	520674	319454
2019	518507	316194
2020	514462	312704

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**Table 2.** Rural and urban population in the Orenburg region [3].

Год	Urban population	Rural population
2018	1186244	784120
2019	1183529	779478
2020	1186569	770266

However, these regions are also prone to human capital outflows from rural to urban areas, as it has shown in Tables 1, 2.

The agro-industrial complex is one of the main components of the economy of the Russian Federation and its development is one of the priorities of the country's economic development and it is directly linked to the provision of food security[4]. However, the development of the agro-industrial sector is also linked to the quality of life of the rural population, which is greatly facilitated by the development of socially oriented non-profit organisations (hereinafter referred to as SONPOs) operating in rural settlements and small towns.

Mistakes which were made during the period of market reforms have affected the financial situation of agricultural producers and led to the collapse of large-scale production. The optimal balance between land and settlements was disrupted, eventually it has led to the disappearance of entire villages and, as a consequence, large tracts of land are not farmed any more, compounding the problems of economic security. Despite the difficult socio-economic situation, the rural population still accounts for a significant proportion of the country's total population and retains a high reproductive potential. At present, the agrarian sector has formed and its productive potential is being built up in a planned manner, while further effective development largely depends on the stability of the integrated development of rural areas and the intensification of the human factor in economic growth.

## 2 Materials and Methods

The Kurgan and Orenburg regions, as the agrarian-industrial (or agrarian-industrial) type of regions, serve as the testing ground for the study. The issues of typology of regions traditionally belong to the problems actively discussed in regional science. A.I. Tatarkin and O.A. Romanova, for the purposes of formation and implementation of industrial policy, distinguish by the level of economic development such types of regions as highly developed (old-industrial - highly industrial and raw materials, agrarian-developed), actively developing and underdeveloped.[5] A.O. Polynyov and I.V. Grishina proposed an algorithm for constructing a structural and sectoral typology of Russia's regions, including the following types of regions: post-industrial; energy-resource; agrarian-industrial; agrarian-polyservice; polyservice; industrial resource-processing; industrial-diversified regions.[6] A.V. Golashev and L.M. Grigoriev proposed a synthetic classification of regions, within which 9 types were identified, which were combined into 4 groups according to the level and type of development: highly developed (financial and economic centres, raw material export-oriented); developed (with a diversified economy, with reliance on manufacturing, with reliance on extractive industries); medium developed regions (industrial-agrarian, agricultural-industrial); less developed regions (less developed raw material, less developed agrarian). According to this typology, the Kurgan and Orenburg regions are classified as agrarian-industrial regions.[7]

To the research of SONPOs in the modern scientific literature by now there are two directions in the assessment of their development processes: the first direction includes

approaches to assessing the effectiveness of operation of socially-oriented non-profit organizations (N.V. Rozhdestvenskaya, S.B. Boguslavskaya, O.S. Bobrova [8], M.M. Repnikova, M.Y. Dzhamaludinova [9], E.G.Tarkhanova [10], L.A.Mescheryakova [11], and others the second direction includes methodological approaches to evaluating the development processes of nonprofit organizations directly in the regional economy (A.A. Shabunova, K.E. Kosygina [12], A.S. Artamonova [13], L.A.Tretiakova, T.V. Tselutina, J.N. Avilova [14], and others).

### 3 Results and Discussion

Rural areas have a strong natural, demographic, economic, historical and cultural potential, which, if used more fully, rationally and effectively, can guarantee sustainable diversified development, full employment, as well as a high standard and quality of life for the rural population, which at the same time contributes to regional economic security. In this context, the SONPOs are uniquely placed to assist in the implementation of the Government's objectives to develop and improve the quality of life of the rural population, and to improve the infrastructure of these settlements. The specific nature of rural areas is due to the specific settlement of the rural population, which is dispersed. The network of settlements has historically evolved in such a way as to better expand the areas suitable for agricultural production.

The activities of SONPOs are aimed at the production of public goods and are carried out with a variety of tangible and intangible resources. Non-profit organisations, along with business, are able to identify and meet the needs of society [15]. At the same time, non-profit organisations with a deeper philosophy of economic unity than trade structures, as well as a comprehensive motivation system for community members, can effectively counteract the exacerbation of social problems that affect the vital interests of society.

Non-profit organizations, as providers of social services to the population, are distinguished from State and for-profit organizations by their ability to respond as quickly as possible to the needs of citizens at minimal cost in order to address their social problems effectively; they operate on the basis of the Federal Act of 12 January 1996 No. 7-FZ on non-profit organizations.

In recent years, there has been a mixed trend in the demand for services from SONPOs in these regions (Tables 3, 4).

**Table 3.** People, who have received social services in Kurgan region, persons [16].

Types of services	2017	2018	2019
Total amount	130422	240818	246075
Including:			
Health care services	4154	4357	4137
Specific weight, %	3,19	1,81	1,68
Cultural and cinema services	25865	61692	55099
Specific weight, %	19,83	25,62	22,39
Education services	34016	59352	59148
Specific weight, %	26,08	24,65	24,04
Social policy services	32773	66342	70415
Specific weight, %	25,13	27,55	28,62
Sports services	33614	49075	57576
Specific weight, %	25,77	20,38	23,40

**Table 4.** People who received social services in Orenburg region, persons [17].

Types of services	2017	2018	2019
Total amount	797484	775323	747541
Including:			
Health care services	51447	60378	42996
Specific weight, %	6,45	7,79	5,75
Cultural and cinema services	115862	87138	90883
Specific weight, %	14,53	11,24	12,16
Education services	239334	255786	259697
Specific weight, %	30,01	33,00	34,74
Social policy services	275945	266619	254189
Specific weight, %	34,60	34,39	34,00
Sports services	114896	105402	99776
Specific weight, %	14,41	13,59	13,35

The increase in the number of services provided in Kurgan region is directly related to the increase in the number of SONPOs, while the decrease in the number of services provided in Orenburg region is related to the decrease in the population and the number of SONPOs, as shown in Table 5.

**Table 5.** Number of SONPOs in Kurgan and Orenburg regions [18].

Subject of the Russian Federation	2017	2018	2019
Kurgan region	624	715	719
Orenburg region	2308	2158	2 138

In order to better target state support, the concept of a socially oriented non-profit organisation was introduced into Russian law in 2010, defining business entities whose activities are aimed at solving social problems and developing various issues. Support for the organisation of SONPOs at the regional level is provided by the regional government based on the specific development of society and the needs of the population with regard to social services.

The following measures of state support for SONPOs currently exist:

- mechanisms for the allocation of budgetary funds (subsidies) to the SONPOs are being worked out;
- information support for the activities of SONPOs;
- leasing property to SONPOs on a preferential basis or on a free-of-charge basis;
- granting of tax privileges;
- assistance to SONPO participation in public procurement under 44-FZ;
- support for resource centres;
- training of SONPO staff and volunteers;
- organisation and support of Internet portals to support SONPOs.

The state programme “Integrated Rural Development” was approved on 31 May 2019, No. 696. The total amount of funding for the state programme in 2020-2025 is about RUB 2.3 trillion, including RUB 1 trillion from the federal budget [19]. The main objective of the state programme is to maintain the share of the rural population in the total population of Russia at least at 25.3%, to achieve an average monthly disposable resource ratio of rural and urban households of 80%, and to increase the proportion of comfortable housing in rural settlements.

The main rural NPO development programmes are agricultural programmes, health programmes, human resource development programmes, and industrial and commercial programmes [20].

Studies have shown that the national programme “Development of the agro-industrial complex” has produced positive results. It is important to note that gross agricultural output has grown, food production has increased, the economic condition of rural enterprises has improved and active work on the social development of rural areas has begun. The situation in 2020-2021 has been complicated by the spread of coronavirus infection, which has resulted in a number of additional supportive measures for SONPOs on the register formed by the Ministry of Economic Development and Trade of Russia, in particular:

- provision of subsidised soft loans at 2% to SONPOs to pay part of the salaries of their employees, with the possibility of writing off the loan if more than 90% employment is maintained for the reporting period;
- six-month extensions of the deadline for payment of insurance contributions to state extrabudgetary funds, taxes (including taxes provided for under special tax regimes) and advance tax payments, with the exception of VAT;
- exemption from payment of taxes, advance tax payments and corporate profit tax in terms of monthly advance payments due in the second quarter of 2020
- expansion of tax incentives for participation in charity of legal entities for organisations on the registers.

The functioning of SONPOs in rural areas of the Orenburg region is aimed, among other things, at solving a number of problems of rural dwellers who need to be addressed in the process of implementing national projects.

1. The problem of accessibility and conditions for the provision of free medical care to rural residents (inaccessibility of public transport to hospitals, shortage of primary care doctors and shortage of narrow specialists, heavy workload of doctors, unsatisfactory condition of engineering systems of feldsher-midwife stations). It should be noted that “...the interdependence of socio-economic indicators and the level of national health of the country is becoming more and more pronounced with each passing year” [21]. In this regard, it is necessary to search for new methods and tools to solve this problem.

2. The problem of accessibility of education (closure of small schools, transport safety, irrational time spent in schools while waiting for children to go home from school, staffing of teaching staff, mismatch between the material and technical base and modern technical and technological requirements).

3. The problem of developing a network of cultural institutions in rural areas (insufficient funding for libraries and museums to preserve historical and cultural heritage, the problem of equipping rural cultural institutions with fire and security alarms, unresolved issues of providing rural cultural institutions with young qualified personnel, the need for major repairs).

4. Environmental problems (quality of surface water of water bodies, more than half of the region's wastewater treatment plants do not meet the design treatment regime, the problem of wastewater discharge onto the terrain, high wear and tear of wastewater treatment plants, uncontrolled watering of vegetable and gourd crops, which can lead to depletion and degradation of water resources, increasing soil-intensive farming).

5. The problem of a declining rural population (high mortality rate, including infant mortality, low birth rate, high unemployment rate, low wages [22]).

The Orenburg Region has a state programme "Integrated Rural Development in the Orenburg Region", which was approved by Resolution No. 940-p-p of the Government of the Orenburg Region of 18.12.2019. The programme is aimed at solving these problems, and the expected results of its implementation include: increased accessibility of social

facilities in rural areas; physical and moral recovery of rural society, increased civic engagement of rural residents; building up human capital in rural settlements and increasing its contribution to the modernization and innovative development of agro-industrial production and rural areas. One of the tools to achieve the above results is SONPOs.

The Kurgan Region also has a state programme "Comprehensive Development of Rural Territories in Kurgan Region", approved by Kurgan Region Government Resolution No. 458 of 28.12.2019. The problems outlined above are also characteristic of the Kurgan region.

## 4 Conclusion

Rural development is based on sustainable development with available resources. The main objective of rural development is to create employment opportunities, to reduce poverty through the use of available resources. People in rural areas should have the same quality of life as people living in urban settlements. Nowadays, SONPOs have become an important element of modern rural society. The development of volunteerism makes a significant contribution to the development of rural areas, increasing the level of civic engagement of the rural population, and contributing to the economic security of the territory.

Since the problem of rural poverty has become so acute, foreign authors have been updating their research and pointing out that, on the one hand, the central government, with its management and access to far greater resources and working within a wider institutional framework, has the potential to design and implement suitable programmes to reach a much wider population. Non-profit organisations, on the other hand, have a number of advantages over government organisations in assisting rural populations and this aspect needs to be given due consideration. Their close contact directly with people in rural areas, their willingness to spend more time on various experiments gives them an advantage over the government. While non-profit organisations may have the capacity to access the poor better, governments still need to initiate appropriate changes in order to sustain economic growth [23].

The general analysis shows that non-profit organisations play an important role in the promotion and implementation of various rural development programmes. They can contribute to changing economic conditions, social status and personal development of each individual. The role of non-profit organisations is not to carry out development work in isolation, but through joint participation. Non-profit organisations are essentially grassroots organisations that work closely with local communities. Non-profit organisations provide skills training to their members and inform the public, especially the vulnerable, about their rights. Thus, SONPOs are a tool to promote sustainable rural development programmes in agro-industrial regions and to ensure their economic security.

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