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## Opportunities for Improving Mechanisms of Sustainable Social Sphere Development of The Rural Areas of The Republic of Kazakhstan

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### Abstract.

The development of the socio-economic territories' level is gradually decreasing. The young people flow from rural areas to large cities is increasing, social and household infrastructure is destroyed, ecological and demographic situations get worse. Rural workers' wages are lower than in other industries. It is necessary to improve domestic and socio-economic conditions in rural areas so that to reform the decent living standard of country people.

The rural areas' social sphere needs to address the existing problems, related to life level and quality, the need to ensure a favorable social environment, especially in education and health care systems, vocational training, and the possibility of inclusion in the society labor potential.

**Keywords:** Social Sphere, World Trade Organization (WTO) , Sustainable Development, Kazakhstan

**Research object** is the sustainable social development rural areas of the Republic of Kazakhstan.

**Research subject** is a theoretical, methodological and practical issues set.

**Research purpose** is to study the social sphere of rural areas of Kazakhstan in a market economy.

### Research tasks:

- To establish a correlation between the basic concepts of the social sphere, social infrastructure and services;
- To identify regional differences in the social sphere across major regions of Kazakhstan
- To derive approaches and tools for developing the economic potential of rural areas.
- To develop proposals to improve the rural areas state;

**JEL codes:** R1, R5, Q1.

### Introduction

The transformations, associated with the transition to market relations caused a sharp decline in the life quality of the rural population. In the transformational recession conditions, the rural areas' social sphere for a long time functioned under the assets' planned economy conditions. As a result, the social services quality has decreased noticeably. After the economic recovery, and the economic growth that followed since 2002, the social sphere of the village has developed only in separate areas and has not been fully restored to the present. Positive trends in the material and technical base of the social sphere in rural areas were achieved through the mechanism of budgetary financing and were carried out within the framework of solving short-term problems, as they worsen: major repairs, emergency conditions.

The education level in rural areas does not allow young people to form their competitiveness in accordance with the requirements that are imposed on them in the labor market and which are necessary for mastering new management technologies in the agricultural sector, also in connection with the need for transition to sustainable development. The problem of social services' poor quality affects 45% of Kazakhstan's population who live and work in rural areas.

### **Approaches and Tools for Developing Rural Economic Potential**

The integration of Kazakhstan into the Customs Union and the WTO makes it necessary for the state to support rural areas, since at present its products are not competitive. This is due to relatively low production efficiency, weak use of breeding and genetic engineering in agriculture, low financial resources and a weak material and technical base in most farms and private household plots.

The forced industrial-innovative development program until 2020 as working tools contains the Business Road Map-2020, which purpose is to subsidize the interest rate, when the government subsidizes 7% of 14% bank interest rate when implementing the project. At the same time, the Business Road Map 2020, mainly supports agro-industrial technologies (for example, poultry farms in stock raising and greenhouses in plant growing). In addition, infrastructure projects are being financed from the republican budget, which are necessary for implementing projects of industrial and innovative development (Kazakhstan's truth, 2010, no. 10.)

The main *tool* for managing economic, social and scientific and technological development, the resources' priority concentration way for solving urgent development problems is the program-target method.

Sustainable rural development is considered as a process of finding balance at all decision-making levels. When developing state and regional programs for sustainable development, it is necessary to systematically establish and possibly change priorities depending on the achieved or unachieved goals at each particular stage (<https://articlekz.com/article/8217>).

Economic processes analysis in the agro-industrial complex requires processing a large number of statistical data. However, the analysis is difficult to carry out, since a great deal of attracted resources is necessary, in the case of a lack of qualified specialists. Difficulties for understanding lie in details congestion. Consecutive research on this topic should lead to a well-developed and structured analysis concept (Hodge **and** Midmore 2008, 34).

Economic development programs organized for a certain region and implemented by regional authorities with the support of the government contain two important criteria: the programs choice and their content. When developing programs, it matters how these criteria will be implemented - sequentially or simultaneously (table 3.1).

*A synchronous approach* to the programs' development and selection is widely used in the countries of the European Union and the United States. This approach's supporters believe that programs' competition is useful for improving their quality and obtaining interesting results. On the other hand, efforts to collect unsuccessful applications in competitive systems can also be useful. First, the losers are better prepared for the subsequent funding contests, they have more strategic mature ideas and established partnerships. Secondly, the analysis in preparing the application can help improve the research activities of the organization. Nevertheless, it is necessary to limit the activity, most likely doomed to failure (Nikolskaya 2014, 28).

### **Table 1. Basic Approaches To The Development Process Organization.**

At present, Kazakhstan joined the World Trade Organization (WTO) and it has to adopt the norms and rules of this organization. The principle of fair competition in the Agreement on Agriculture is most consistently implemented with respect to budgetary financing. All measures of internal support are classified on the basis of the main criterion: do they "distort" the impact on trade and production (Panteleyeva 2012, 51).

The measures (subsidies, criteria) of the blue box- are direct payments within the programs of production restriction for individual agricultural lands, crops and cattle, as well as any other support measures if they are allocated in an amount not exceeding 5% of the total production cost of this item. These measures are not subject to be under the obligations of the countries participating in the agreement on agriculture (Panteleyeva 2012, 51) .

Measures (subsidies, criteria) of the amber box – are measures for internal support that have a negative (distorting) effect on trade (debt write-off, credit for agriculture, regulation of agricultural markets, crop insurance, subsidies for production needs, state investment subsidies for agriculture (Panteleyeva 2012, 51) subsidies for agriculture production, etc.)

Measures (subsidies, criteria) of the green box -are measures of internal support for financing state-financed programs that do not or have a minimal distorting effect on trade or the impact on production. Considering the minimal negative impact on trade, the "green box" measures are exempted from the "link" and reduce obligation. The state has the right to finance the aforementioned programs in any required amount, based on the budget possibilities (Tryastyn, Pustuyev, Akhtaryanova 2009, 413)

The WTO Agriculture Agreement defines the obligations of the participating countries with respect to market access, export subsidies and internal support for the AIC. In the United States, the green box measures are 38% of the gross domestic product in agriculture, in the EU-15 countries reach 12% with country differentiation, in developing countries they are from 0.5% in Indonesia to 16% in Zambia. In Kazakhstan, the main measures of internal support of the agro-industrial complex refer to the measures of the amber basket, which are subject to reduction. Green box measures do not exceed 0.5% of gross added value in agriculture and should be developed to achieve rural areas sustainable development (Panteleyeva 2012, 51) .

There are *two main approaches* to implementing measures of state support for rural development in these conditions:

*the first* -, an expanded list of areas for supporting rural development is established within the framework of a general legislative act; *the second* approach assumes the programs formation with separate financing in addition to the existing ones. Both approaches are used by different countries: within the framework of a general legislative act, state support is provided to rural development in the countries of the European Union, Canada, Japan, Turkey and other countries. The second approach is widely used in the US, some elements can be observed in government support for rural development in New Zealand, Mexico, but the total number of programs is not as large as in the US.

### **Figure 1. Economic Model of Rural Development**

Support of agricultural units (agricultural enterprises and farms) on the basis of the model in priority areas of crop production and livestock raising will increase labor productivity, crop yields and further competitiveness of agribusiness.

### **Mechanism For Implementing The Main Directions Of Diversification For The Sustainable Development Of The Social Sphere in Rural Areas.**

The monopolistic role of agriculture in the rural labor market was one of the main reasons for the migration of the able-bodied population to the cities, exacerbating the problem of low incomes of agricultural workers, the deficit of the taxable base of rural local administration, and, therefore, economic diversification is needed to solve these and other problems of rural development.

**Figure 2.** Directions for diversifying the rural economy. Karaganda region.

*A mechanism for diversifying* the production of a rural economy is a certain system that determines the order, content and interconnection of processes, procedures, elements and methods, organizational support and information flows aimed at improving the sustainability of the development of rural territorial entities.

**Figure 3.** The mechanism for implementing the main diversification directions of the rural economy.

A mechanism, which includes 8 blocks, was proposed for implementing the main directions for diversifying the rural economy of Kazakhstan to increase the sustainability level of rural territorial formation (schematically shown in Figure 3):

*The first block:* setting the goal, defining the tasks of diversifying the rural economy.

*The second block:* the necessary data collection, the territorial entities statistical information study, the local residents' sociological survey.

*The third block:* received information processing and analysis, socio-economic, natural resource, labor, territory investment potential assessment, as well as identifying the main problem that constrains the rural economic formation diversification.

*The fourth block:* local residents make business plans with the support of schools for entrepreneurs-beginners, information and consultation centers, business incubators in the framework of regional strategies. Each business plan is considered in the local administration (akimat).

*The fifth block:* the administration needs 1 month for consideration of business-plans. The main task is to track the direction and activity type, developed business plans, so that no project contradicts regional strategies, taking into account the economic, natural resources and historical and cultural territories' potentials.

*The sixth block:* implementation of the developed business plan, the entrepreneur quarterly submits a report to the local administration (akimat).

*The seventh block:* interdepartments of rural areas control, monitor, coordinate the plans implementation and assess the impact on the development sustainability of territorial entities.

*The eighth block:* adjusting the plans implementation based on the results obtained, according to monitoring.

### **Questionnaire Survey As A Method of Collecting Social Information on The Example of Zhanaarkinsky District of Karaganda Region.**

The survey method was used in this study. Respondents fill out forms that include a set of questions. The survey has mediated (through the distribution of questionnaires to respondents), written, selective (1200 people participated, representatives of certain target audiences), anonymous forms of contact.

The administrative center, Atasu village is located 200 km southwest of Karaganda, in the upper Sarysu, at railway station (Zhana-Arka) of Zharyk-Dzhezkazgan line. Zhanaarkinsky district belongs to the second type of rural territories in terms of socio-economic development; in this territory type, it should be emphasized on diversifying the agricultural sector without neglecting other non-agricultural activities for sustainable territory development.

The district consists of 2 villages, 12 rural districts.

Favorable geographical position, quite favorable natural and climatic conditions, availability of mineral resources, land, forest and water resources, development of engineering, telecommunication and transport

infrastructure, highly skilled workers, positive demographic trends create a good basis for long-term investment and successful business.

The current social and economic situation of Zhanaarka district is characterized by production growth trends of the economy leading sectors and positive changes in the social sphere.

## **Table 2. The population's actions to improve their lives**

### **Figure 4. Readiness of the population to become an entrepreneur**

Among the population that is not ready to organize their business, for one reason or another, more than 21.9% can do it with state support. Also, other 18.5% of the population may consider organizing their business with state support.

### **Figure 5. The population's wish to organize their business with the state support.**

### **Figure 6. Reasons for the population's refusal to organize their own business.**

There was a question in the questionnaire about the expediency of developing a tourist destination in Zhanaarkinsky district. Almost 60% of the surveyed population noted that this direction should be developed.

## **Tourism types in Zhanaarkinsky district.**

### **Figure 7. Perspective tourism types in Zhanaarkinsky District**

The main reasons restraining the development of diversified activities are, firstly, the lack of seed capital, and secondly, the lack of knowledge to conduct business, and the difficulty in obtaining loans.

The tourism sector of Kazakhstan is a modern economy segment, in which new work places appear, and it is connected with other national economy sectors. Tourism development contributes to the citizens' welfare and improves life quality, therefore this sector is one of the promising in the economic system of Kazakhstan.

World Tourism Organization, World Travel and Tourism Council took the initiative and proposed the following priorities for government agencies:

- Development of new tourist products;
- Assessment of economic, social, cultural and environmental activities

## **Conclusions**

There are two main approaches to implementing types of state support for rural development:

- *The first* - certain support directions for rural development are established within the framework of a general legislative act;

- *The second* approach assumes the programs formation with separate financing in addition to the existing ones.

1) The mechanism for implementing the main directions of diversifying the agricultural economy promotes sustainable development in rural areas. It will allow to justify the decisions made, to provide flexibility and efficiency of management.

2) The mechanism is approved on the example of Zhanaarkinsky district of Karaganda region. The main reasons restraining the development of diversified activities are, firstly, the lack of seed capital, and secondly, the lack of

knowledge to conduct business, and the difficulty in obtaining loans. For sustainable development of rural areas, it is advisable to develop diversified activities in combination, not separately from each other, but in an interconnection.

3) The developed integrated projects for the progress of tourism and diversified agricultural and non-agricultural activities will contribute to raising incomes, improving the population's life quality, increasing the living prestige in rural areas, ensuring the population employment, preserving the favorable ecological situation, historical and cultural heritage, local life and traditions, the social infrastructure development by increasing tax revenue in local budgets, that will bring the sustainable social development of rural areas

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