PROBLEMS OF HUMAN CAPITAL FORMATION AND USE IN RURAL AREA OF MOLDOVA1

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Currently the problems related to the formation and use of human capital in rural areas are particularly relevant for Moldova. This is mainly due to the technological progress and innovations etc. Creating a modern social infrastructure for rural areas would help to strengthen professional staff, improve demographic status, reduce the labor force emigration and depopulation of rural communities. This research aims to highlight aspects of remuneration, working conditions and living as essential factors in the formation of human capital in rural areas. Statistical, economic-mathematical, analytical-comparative research methods were used to achieve this purpose.

Key words: *human capital, rural environment, wage level, social infrastructure.*

JEL clasifications:I25

Introduction

The most important characteristics of the application and functioning of human capital in rural areas are closely related to rural lifestyle and labor in agriculture, reliance on natural factors and seasonality; significant territorial dispersion, etc. Recently, in the Republic of Moldova there is a considerable reduction of the population in rural areas. Urban processes are characterized by a reduction in labor force of rural population. In rural localities, as a result of the emigration of young people, there are distortions in the structure both by population age and gender. Due to the growing gap between living standards in cities and villages, agricultural enterprises are facing a shortage of mid-level specialists, technical and engineering staff.

The economic activity in rural areas depends directly on the employment potential. Consequently, ensuring economic activity in rural areas is possible by creating appropriate socio-economic conditions: development of training centers, implementation of quality housing programs, development of infrastructure, foundation of medical centers equipped with modern equipment and specialists, development of social services and conditions for the social rehabilitation of the elderly. All these conditions must be optimally developed and combined, and the lack of one cannot be compensated by the excessive development of the other. Therefore, is important to develop and implement labor-intensive investment projects, which will make it possible to adjust the unfavorable demographic status of rural areas.

Literature review

The results of studies and investigations on the human capital of foreign and local authors served as theoretical-scientific support, among them the papers of D. Bell, J. Galbraith, P.F. Drucker, D.Sandu, B. Voicu, M. Drăgănescu, Gr. Belostecinic, D. Moldovanu, etc. The methodology of researching the socio-economic relations related to the formation and reproduction of human capital, in the new conditions of society development is found in the works of scientists D. Bell, J. Galbraith, P.F. Drucker etc. Within their research G. Becker, E. Denison, T. Schultz make a considerable theoretical contribution to determine the place and role of education in the system of human capital formation, as well as the analysis of the economic efficiency of investments in human capital. Contemporary theories address the relationship between human capital and innovation. Researcher Dirk de Clerq demonstrates the relationship between human

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capital and innovation, concluding that a higher level of human capital leads to a higher level of education. Research on human capital is aimed at "exporting intelligence". Globally, there are migration processes, which benefit the countries of immigrants destination through the import of human capital. At the same time, there are benefits for human capital donor countries, as a result of increased investment in the education of migrant families members. (Belostecinic, 2011) Contemporary research also focuses on the study of the correlation between health and human capital, as an important quality factor.

The unpredictability of the results of economic activity negatively affects the development of human capital in rural areas, due to the fact that agricultural activity is linked to multiple risks. This feature does not allow the full application of modern methods of staff incentives. The owners of human capital payoff is scheduled until the end of year/season, and the uncertainty regarding the final economic result, leads to the underfunding of human capital and its incomplete use. One of the characteristics of the rural environment of Moldova is that a significant part of population are people employed only within their own household, but in recent years the share of agricultural products obtained in households is constantly decreasing. All mentioned above determine the need for the state to regulate the development of the rural environment as an important condition for the development and efficient use of human capital in rural areas.

However, along with negative factors in the development of human capital in rural areas, there are factors that contribute to its development: increasing global agricultural output, increasing qualification level, the level of motivation of employees through the use of organizational and economic incentives etc. These factors determine the importance and high degree of research approach related to the formation and use of human capital. In the same time, the formation of human capital in rural areas differs both in qualitative and quantitative aspects. This approach was not so well researched and thus has to be examined.

The purpose of research

The aim of the research is to investigate the aspects related to income formation and consumption directions, working and living conditions as essential factors in the formation of human capital in rural areas.

Research methodology

The research methodology is based on the theories and concepts of classical and neoclassical liberals, in visions of K. Marx, L. Wallras, J. M. Keynes and contemporary scholars in the field of human capital, as well as on literature analysis. The following methods were applied to research and solve the problems regarding the role of human capital in rural areas: scientific abstraction, comparative and structural analysis, synthesis, induction, deduction, historical and logical method, statistical data processing methods, evolutionary investigation of events and researched phenomena, as well as other methods. In assessing the state and prospects of human capital development statistical data, information materials of different organizations, public authorities, reports of European and international organizations (UNESCO, OECD, Council of Europe, National Bureau of Statistics of the Republic of Moldova, National Bank of Moldova, Expert Group) were used.

Main results

The human capital development system is a unit of educational, scientific, industrial, social complexes, economic entities, authorities of different levels, demographic, economic and personnel forecasting centers, as well as non- governmental public institutions whose activities aim at creating the conditions for human capital development in rural areas. (Conencov, 2016)

The concept of human capital is an important direction of research and analysis, a fact confirmed by studies conducted by World Bank (2018), where it is mentioned that human capital represents 64 percent of the global volume of world wealth, physical capital and natural capital have a share of 27 and 9 percent. In OECD countries human capital represents 70 percent of the volume of national wealth, while in low-income countries only 41 percent.

According to data, the provisional number of the population with residence in Moldova on January 1, 2021 was 2597.1 thousands people (Figure 1), with 46.8 thousand people less (or 1.8%)

than at the beginning of 2020, and with 272.1 thousand people less (10.5%) than in the last 8 years (01.01.2014-01.01.2021). The decrease in population in 2021 was largely influenced by net migration, which remains negative (-46.8 thousand people according to provisional estimates). At the same time, the natural population change in 2020 (-9.9 thousand people) increased compared to its level in 2019 (-4.0 thousand), being still negative and leading to the population decrease. Population density on 01.01.2021 was of 85.5 inhabitants per one squared kilometer.

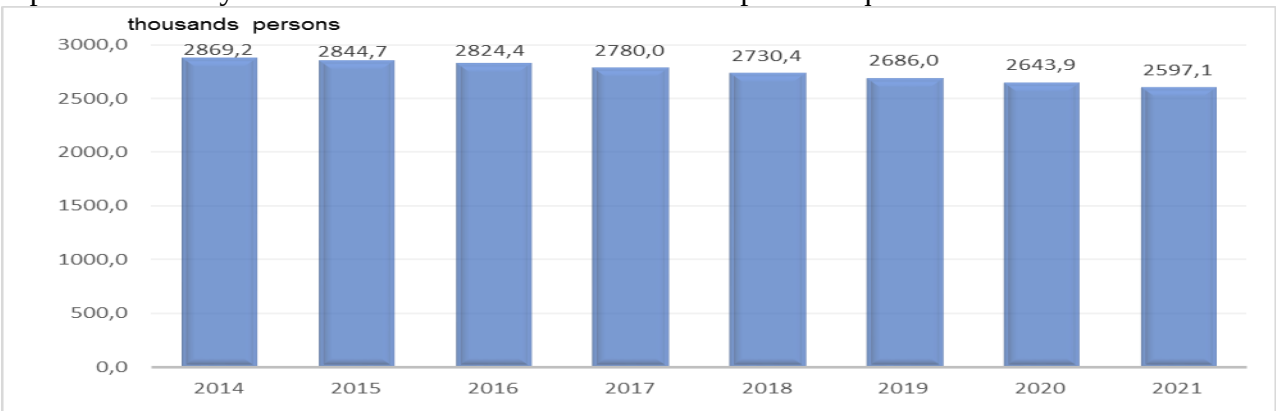

Figure 1. Population with residence in Moldova on January 1st, 2014-2021

Source: based on data from National Bureau of Statistics (BNS, 2020, 2021)

The examined data reveal the ageing trend of the population, given by the increased share of adults and elderly, while the share of children and teens is constantly decreasing. The female population, as in previous years, is dominant. According to estimates, at the beginning of 2021, the female population constituted 1357.2 thousand people or 52.3% of total population. Male population accounts 1239.9 thousand people or 47.7% of total population.

The majority of population lives in rural areas (56.9% in 2020 compared to 58.6% in 2010). The reduction of the share of rural population is determined by the process of internal migration.

Table 1. Internal migration determined by residence change in Moldova, persons

	2017	2018	2019	2020
Total migrants	**30732**	**31398**	**39039**	**29158**
from which:				
- urban-urban	8527	9066	10879	8593
- rural-urban	10186	11062	13955	10901
- urban-rural	4682	4549	5871	3898
- rural-rural	7337	6721	8334	5766

Source: based on data from Agency of Public Services

Data on record regarding internal migration by area of residence for urban-urban migration shows values that fall within a relatively constant line of evolution. During 2020, 29.2 thousand people changed their residence inside the country. The intensity of internal migration can be measured by the number of arrivals and departures per 1000 inhabitants. The population mobility index in 2020 registered a value of 11.1 people per 1000 inhabitants compared to 11.2 in 2017. Migratory flows from rural to urban area have the largest share in the structure of internal migration. The most requested destination are large cities, such as Chisinau, where in the last two years 19.5 thousand people have moved to other districts, and 2.8 thousand people have moved to the city. At the same time, 3.9 thousand people left the city to live in other localities. In Bălți municipality, the number of arrivals exceeded by 3.1 times the number of departed persons.

According to the study conducted by the United Nations Population Fund, Moldova is in top ten European countries in the region facing a massive exodus of the population. In Moldova, the emigration rate of labor force is 40%, which places it among the first countries in Europe in terms of population reduction. The country loses about 1.5% of its population annually. Population

reduction will continue with the depopulation of rural areas. Another factor related to the decrease in population number is the aging rate, which remains high (almost 22 percent), which generates different economic and budgetary consequences. Women still live longer than men, but their poverty level is much higher. There is also an increase in mortality in the country, an important factor being the COVID-19 pandemic. According to research, in rural areas, people live four years less than those in urban areas, and the health level is poor, due to lack of access to quality medical services. However, life expectancy in Moldova has increased by 1.6 years in the last six years. The United Nations also mentions that declining fertility rates are a demographic problem. Studies forecast that emigration rate will continue to increase in the next period due to socio-economic problems in the country.

The amount of investments in human capital depends directly on the risk of being affected by unemployment rate.

Table 2. Dynamics of unemployment rate in Moldova, %

	2017	2018	2019	2020
Unemployment rate, total	**3,9**	**2,9**	**5,1**	**3,8**
- under 25 y.o.	11,9	7,1	10,4	10,9
- 25 y.o. and above	3,3	26	4,7	3,4
urban, total	***5,8***	***4,7***	***4,9***	***4,5***
- under 25 y.o.	14,7	10,5	10,7	14,6
- 25 y.o. and above	5,1	4,2	4,4	3,7
rural, total	***2,5***	***1,8***	***5,3***	***3,3***
- under 25 y.o.	10,0	4,8	10,1	7,0
- 25 y.o. and above	1,9	1,6	4,9	3,1

Source: based on data from National Bureau of Statistics (BNS, 2018,2019,2020,2021)

Unemployment rate in Moldova during the 2017-2020 had an uneven evolution, manifesting itself through an increase until 2019, after which there is a recession at the level of 3.8% in 2020, or by 1, 3 percentage points compared to previous period level. The most affected by unemployment is population from urban areas, comparing to those in rural areas. In 2020 the unemployment rate decreased at a faster rate than in 2019 in rural areas, compared to urban areas by 2.0 and 0.4 percentage points. The unemployment rate allows us to identify the groups of people who most actively try to enter the labor market. Young people are much more active than adults, men more active than women.

The education system plays an important role in the accumulation of human capital. Recognition of this role explains the growing investment in education and training. Large-scale investments in human capital create labor force, and its skills, experience, training are the basis for economic growth. Due to the importance of education in the labor process, governmental investments to promote specialists according to labor market needs are extremely valuable, because education brings an additional benefit to society, it can be associated with sustainability. At national level, the concept of aggregate human capital has been used mainly to describe the level of development of a country or to explain economic growth. Poverty can lead to a deterioration of the human capital stock, therefore, there is a need to develop educational capital in order to prevent it, by improving learning systems, especially by investing in lifelong learning. Increasing the level of education contributes to reducing poverty by achieving higher income from wages. Neo-classical economic theory drags labor as a factor of production, creating a close link between labor and the education demand. Each company / institution / organization can calculate the costs it has with an employee by connecting with income, social activities, training, as well as social expenses excluding expenses for education.

Education creates environmental and structural changes in all ethnic groups, areas of residence and income classes that can improve their abilities in society. Education helps to develop, facilitate advanced technological success, thus creating dynamic, flexible people, able to understand opportunities. Research and development activities result in the improvement of domestic technologies achieved by maximizing the profit of individuals, increase productivity being a source

of long-term economic growth. The positive impact on economic growth attracts investment due to physical and social stability of the environment and also development in education covers the paths from economic progress to general national development. (Filip, 2013) The educational provisions of any country are one of the main determinants of the composition and growth of production and exports of that country and are an important part in the ability of a system to borrow effectively foreign technology. Health and nutrition, primary and secondary education all increase the productivity of workers, in both rural and urban areas; secondary education, including vocational education, facilitates the acquisition of managerial skills and capacity; tertiary education supports the development of basic science, the appropriate selection of technology imports and the adaptation and internal development of technologies; secondary and tertiary education are critical elements in the development of key institutions, government, law and the financial system, among others, all essential for economic growth. Empirical evidence shows that earned income as well as profitability are closely related to additional years of education.

Table 3. Analysis of education institutions and expenses for education in Moldova

	2015	2016	2017	2018	2019	2020
Early eduction institutions, total units	**1461**	**1469**	**1458**	**1484**	**1486**	**1485**
- urban area	329	332	330	346	347	352
- rural area	1132	1137	1128	138	1139	1133
Primary and secondary institutions, total units	**1323**	**1291**	**1243**	**1246**	**1255**	**1241**
- mediu urban	326	320	318	322	328	317
- mediu rural	997	971	925	924	927	924
Share of education expenses in total monthly spending to 1 person, total %	**0,6**	**0,7**	**0,5**	**0,5**	**1,1**	**0,8**
- urban area	0,7	0,8	0,5	0,6	1,6	1,0
- rural area	0,5	0,5	0,5	0,4	0,7	0,5
University graduates to 1000 employed persons, persons	239	220	207	183	187	176
Share of education expenses in GDP, %	5,8	5,3	5,4	5,4	5,8	6,1

Source: based on data from National Bureau of Statistics (NBS, 2018,2019,2020,2021)

A worker's position in the labor market is determined by the level of training. At the end of 2020, there were 1485 early education institutions (of which 352 units in urban areas and 1133 units - in rural areas) with 177.4 thousand places. In 2020, early education institutions were attended by 134.2 thousand children, with 16 thousand fewer compared to 2015, and 100 places in early education institutions, out of which 76 children in urban areas - 91 children, and in rural areas - 65 children. Compared to 2015, the number of general primary and secondary education institutions decreased by 82 units (in 2020 - 1241 units), and the number of enrolled students registered insignificant changes (334.4 thousand in 2020 compared to 334.5 thousand in 2015). At the beginning of the 2020 academic year, the total number of students were of 438.2 thousand people, 119.6 thousand less compared to the 2011 academic year. At the same time, the number of students increased by 4.7 thousand compared to the 2019 . Thus, at the beginning of the 2020 academic year, there were 1687 students per 10,000 inhabitants compared to 1640 in 2019, and the number of university graduates per 10,000 employed decreased from 239 people in 2015 to 176 people in 2020 (by 26%).

According to World Health Organization classification (1998), the determinants of health are divided into four groups: macroeconomic factors, environmental factors, socio-economic and educational. Each group of factors includes direct and indirect determinants. Direct determinants are of major importance and include: lifestyle (smoking, diet, alcohol, drug use), physical and social environmental conditions (access to safe drinking water, sanitation), social group behaviors, violence in family environment, access to health services). Indirect determinants include: gross domestic product, poverty, education, pollution, climate change, migration, socio-demographic changes in population

structure, crisis situations (natural disasters, armed conflicts, etc.). The perception of health is determined by several factors, but can generally be considered as an index of the well-being of the population, as well as the physical and mental health of population. (Filip, 2008)

Table 4. Analysis of rural population provision with emergency medical care and health expenditures in Moldova

	2015	2016	2017	2018	2019	2020
Emergency medical care, total units	139	142	140	143	144	144
- in rural areas	89	91	90	94	94	94
Total number of staff employed at emergency stations, persons	3170	3584	3775	3860	3864	3862
- in rural areas	867	1097	1240	1299	1333	1334
Total number of doctors employed at emergency stations, persons	500	475	440	431	414	412
- in rural areas	91	91	89	82	73	72
The total number of average medical staff employed at the emergency stations, persons	1252	1301	1336	1328	1268	1211
- in rural areas	353	384	443	413	402	398
Requests, total thousands of requests	988	974	896	884	802	798
- in rural areas	494	489	447	404	405	403
Share of health expenditures in the average monthly consumption of 1 person, total %	**6,5**	**6,4**	**5,9**	**5,1**	**5,2**	**4,7**
- in urban areas	6,4	6,0	5,6	5,1	5,6	5,3
- in rural areas	6,6	6,8	6,2	5,1	4,8	4,1
Helath expenses share in GDP, %	5,3	4,0	4,1	4,1	4,1	4,8

Source: based on data from National Bureau of Statistics (NBS, 2018,2019,2020,2021)

In Moldova, according to the provisional data, were registered 2597.1 thousand inhabitants. In urban areas lives 43 percent, while the remaining 57% lives in rural areas. Despite the fact that the number of rural population has decreased in the last decade, the share of rural population still prevails. Regarding the structure by age groups of the population, rural areas are characterized by demographic phenomenon of population aging. It is accompanied by a decrease in fertility, an increase in overall mortality, an increase in the risk of incidence of certain chronic diseases, a decrease in active population and an increase in the burden of maintaining a larger number of inhabitants. (Mincă, 2004) Ageing, the person is at a higher risk of getting sick and obviously the share of people who rated their health as good or very good is lower, from 78% for the elderly. 18-24 years, up to 5% in the case of persons over 65 years of age.

In terms of access to health services, there are major differences between urban and rural areas. The rural population is disadvantaged in terms of health and accessibility to health services, but also due to shortcomings in providing the necessary health services. The network structure of medical institutions directly determines the access of population to certain types of institutions. Most emergency medical care points are located in rural areas, during 2015-2020 over 65%, but the medical staff for their service includes only 34-35% of total stuff. The number of medical units in rural areas is also declining.

Providing rural population with doctors is deficient. If we refer to the qualification of the staff, then in the emergency medical care points located in the rural area work only 17% of doctors and 33% of average medical staff. The number of doctors is 5 times lower in rural areas than in urban areas. Relatively large categories of people are not registered on the list of family doctors, even if they are insured by law.

The medical sector benefits from limited resources and their allocation among districts is deficient. Only about 4% of Moldova's GDP is allocated to health. The existence of poor medical conditions has

affected the general health of the population, especially in rural areas, and has resulted in a low rate of participation in the labor market, as well as poor active aging. Children are equally affected by lack of medical conditions, which has led to lower school attendance rates in some areas and affects the quality of human capital. Good health is essential for participation in the economy, the formation of human capital and is a means of ensuring decent living standards for family members. Consequently, disease can open the vicious circle of poverty for people at risk of social marginalization. At the same time, mentalities and insufficient development of the health care culture result in exposure to premature illness and accidents. In addition to the balance between human and physical capital, it is essential to maintain an appropriate balance between the different types of health promoters to ensure the success of the system. As the number and cost of health care consumables increase considerably, there is a sharp increase in human capital care costs. In publicly funded systems, spending in this area can affect the ability to hire and maintain effective practitioners. (Savelieva, 2018)

The rural population is more disadvantaged in terms of access to public utilities and living conditions, i.e. the formation of human capital is delayed due to the lack of social infrastructure and inadequate services: only a third of rural households have hot water, bath or shower, have access to the natural gas network, most continuing to use mainly coal and wood stoves for heating.

Table 5. Analysis of population living conditions in Moldova

	2018		2019		2020	
	Urban area	**Rural area**	**Urban area**	**Rural area**	**Urban area**	**Rural area**
Home amenities:						
- electricity	100,0	100,0	100,0	100,0	100,0	100,0
- aqueduct	95,7	68,1	97,0	70,5	98,5	72,8
Including inside home	93,1	50,7	93,5	56,3	94,1	60,0
- source of water – public network	82,3	35,7	93,2	52,5	95,9	54,4
- water source – spring fountain	6,5	47,0	6,5	46,9	4,0	45,1
- hot water	82,3	35,7	87,5	40,1	88,5	45,6
Including public network	21,8	0,0	18,1	0,0	21,3	0,0
- central heating	41,4	0,3	35,8	0,4	35,6	0,4
- own thermal heating system	32,5	6,3	44,8	10,8	45,7	10,9
- other type of heating installation (stove, fireplace, etc.)	26,0	93,4	19,4	88,8	18,6	88,7
- gas from the grid	86,1	36,5	86,3	41,0	84,9	39,6
- bathroom with water inside home	80,9	18,8	86,2	32,7	87,1	35,2
- sewerage system	93,8	51,5	94,7	55,8	96,2	59,6
including public network	76,4	3,7	78,0	2,8	79,4	2,8
- bathroom or shower inside home	86,3	38,6	88,9	42,5	89,5	46,8
- phone	84,5	82,6	74,3	82,5	67,5	82,0
- internet connection	-	-	74,8	51,3	76,9	56,3
Level of well-being:						
- private home	90,3	99,2	89,7	99,1	90,0	99,1
- plot of land	34,7	99,2	32,9	98,8	30,4	98,8
- Car	20,1	20,8	30,0	23,8	30,9	23,7

Source: based on data from National Bureau of Statistics (NBS, 2018,2019,2020,2021)

Moldova, with a large share of the rural population, registered an uneven development of living conditions between urban and rural areas, contributing to the deepening of inequality level. The rural population is more disadvantaged in terms of access to public utilities: road quality is poor, about 54% of national roads are in poor condition and about 20% - in very poor condition, and over 60% of them are of local destination; access to the public network aqueduct have only 45.1% of the rural population, and the main source remains the spring water, the quality of which does not correspond to sanitary norms; sewerage system, provided at a level of less than 40%, which has not been repaired for more than 20 years, requires increased investment and general reconstruction;

only 45% of the rural population has access to hot water, based on its own insurance network; lack of access (only 0.4%) to modern heating sources (central heating or own heating system), and over 90% of the rural population is heated by stoves, fireplaces, other types of heating installation, i.e. has a higher degree of dependance on "dirty" energy sources, such as wood and coal; only 39% of rural households have access to network gas; only 14%; only 32.6% of rural homes are equipped with bath or shower. Due to high costs of energy consumption, many categories of rural citizens, such as single-person households, retirees, are at risk of falling into energy poverty. These social groups spend between 20-25% on maintenance costs, of which about 50% are directed to energy consumption and are forced to choose between energy poverty or limiting energy consumption, which further worsens living conditions in the rural areas. Most households own the home in which they live. The depopulation and aging of Moldovan villages, the increase in the number of localities with a small population, most of whom are elderly, will be a challenge to ensure their access to services and social infrastructure. If the goal is to maintain the current networks of public infrastructure and services, public investment will continue to be insufficient and the infrastructure will become increasingly unbalanced: insufficient in the main centers of economic activity and too abundant - elsewhere. Quality will suffer, which will discourage private investment, impede economic growth and encourage the return of migration. Constraints caused by poor living conditions largely determine the formation and use of human capital in rural areas. In order to stimulate interest in green energy production, capitalize on renewable energy sources other than biomass, but also facilitate the connection of production facilities to existing distribution capacities, is important to strengthen the renewable sector, development and ensuring access to social infrastructure, new approaches that will be combined with changes in population structure and long-term demographic trends.

Table 6. Endowment of households with durable goods on average (per 100 households) in the Republic of Moldova, pieces per 100 households

	2018		2019		2020	
	Urban area	**Rural area**	**Urban area**	**Rural area**	**Urban area**	**Rural area**
Cellphone	-	-	183	156	180	164
TV	113	106	117	108	115	109
Camera photo/video	12	4	11	3	8	3
Laptop	70	44	85	53	87	56
Fidge	100	98	102	101	102	105
Automatic washing clothing machine	79	41	88	49	89	55
Mechanic washing clothing machine	12	36	8	41	8	38
Dish washing machine	-	-	5	1	5	1
Microwave oven	41	37	57	40	57	42
Air conditioner	-	-	14	2	15	2
Vacuum cleaner	77	42	88	65	90	70
Bycicle (for adults)	7	11	15	29	17	31
Motorcycle, mini-moped, quad bike	-	-	1	3	1	2
Car	20	21	31	25	32	24

Source: based on data from National Bureau of Statistics (NBS, 2018,2019,2020,2021)

It is difficult to imagine the existence in the 21st century without the most necessary durable goods. For rural population, the most desired products are: automatic washing machines, cell phones, stoves, TVs, computers and cars, and for retirees, in addition to those mentioned above, also microwave ovens. The number of durable goods in households is constantly growing in both urban and rural areas. In 2020, compared to 2018, in 100 rural households the number of cell phones increased by 8, of automatic washing machines with 6, and of microwave ovens with 2. Regarding car ownership, 30.7% of urban households own at least one car, with one fourth less

share of rural households (20.3%). From rural households that own a computer, about 40% are connected to the internet.

Conclusions

The strategic directions for the development of human capital in rural areas are: strengthening the employment potential of the agricultural sector, including the implementation of a set of measures aimed at reducing the mortality rate of the rural population and increasing its birth rate; attracting highly skilled labor resources to the agricultural sector; increasing the level of wages of the rural population; improving the quality and availability of educational services: ensuring "feedback" between the training process and the needs of the sector; improving the agricultural education; the quality of life of the rural population: increasing the level of health care; implementing a set of measures aimed at improving the quality of life of youth, developing the social sphere; implementation of a scientifically argued policy for the efficient use of human capital in rural areas: improvement and technical-scientific renewal of the structure of agricultural production, etc.

In order to ensure the efficient implementation of the strategic directions of innovative development of human capital in rural areas, it is necessary to continue the practice of developing and implementing programs aimed at social development. These programs should include the following directions:

- availability of basic social goods in the sectors of education, healthcare, meeting the needs of the rural population in the field of cultural, commercial and consumer services; development of social infrastructure and engineering development of rural areas based on the joint participation of the state budget, funds of agricultural enterprises and the population; legislative development and strengthening of social standards for the support of life in rural areas;
- the formation of a new urban planning policy, which should provide for the implementation of innovative approaches in the elaboration of general plans for integrated development of rural areas; developing the construction of individual housing in rural areas using financial support mechanisms, taking into account advanced domestic and foreign experience;
- creating a motivational mechanism for investments in human capital; improving the content and modernizing agricultural educational technologies; creating mechanisms to stimulate employers' participation in vocational training and advanced training of specialists;
- systematic monitoring of employment potential in the agricultural sector, etc.

All this will help to prevent the degradation of human capital in the agricultural sector, to create better living conditions for the rural population, because a significant level of human capital contributes, above all, to obtaining non-economic benefits, for example, as to improve health, well-being, education, etc.

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