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**FOOD BANKING AS A RESPONSIBLE CONSUMPTION MECHANISM IN  
THE SHARING ECONOMY**

**ПРОДОВОЛЬСТВЕННЫЙ БАНКИНГ КАК МЕХАНИЗМ ОТВЕТСТВЕННОГО  
ПОТРЕБЛЕНИЯ В ЭКОНОМИКЕ ОБЩЕГО ОБЕСПЕЧЕНИЯ**



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**Аннотация.** В статье приводятся определения и классификация фуд-банкинга, исследуются различные аспекты фуд-банкинга: социально-экономические, правовые, экологические. Проблема развития фуд-банкинга рассматривается в контексте продуктовых потерь и загрязнения окружающей среды. По мере продвижения продукта от производителя к конечному потребителю, эта проблема

является одной из ключевых в достижении целей устойчивого развития. Ущерб окружающей среде, причиняемый продуктовыми потерями обозначен как негативный экономический эффект. Эта проблема требует немедленного решения. Основанная на принципах рационального и разумного потребления, шеринговая экономика представляет собой один из механизмов решения проблем продуктовых потерь, позволяет исключить экологические риски, снизить уровень бедности и исключить голод. В статье продовольственный банкинг рассматривается как система перераспределения продовольственных излишков для снижения потерь и порчи пищевых продуктов и обеспечения продовольствием социально незащищенных слоев населения в условиях долевой экономики. Опыт практики фудшеринга в зарубежных странах показал его эффективность в решении проблем обеспечения доступными продуктами питания социально незащищенных слоев населения и борьбы с потерями и порчей продуктов питания. В России фудбанкинг набирает популярность, но отсутствие необходимой инфраструктуры и регуляторные барьеры сдерживают его развитие. Приоритетом правового регулирования продовольственного банкинга должно стать качество и безопасность распределяемых продуктов питания. В то же время исследование показало, что ограничения, налагаемые государством на продукты с истекающим, но не истекшим сроком годности, и санкционные товары являются чрезмерными в условиях дефицита продовольственного обеспечения отдельных социально незащищенных слоев населения.

**Abstract.** The article is devoted to the study of various aspects of food banking: socio-economic, legal, ecological. The definition and classification of food banking are given. The problem of food banking development is considered in the context of combating food losses and spoilage. Along the entire path of movement of products from production to the final consumer, this struggle is one of the global economic challenges of our time developing sustainable development. The environmental damage caused by waste and its

disposal is manifested as a negative economic effect. This problem requires an immediate solution. Based on the principles of rational, responsible consumption, the sharing economy is one of the mechanisms for solving food waste and wastage, contributes to reducing environmental risks, the level of poverty, and the elimination of hunger. In the article, food banking is considered a system for redistributing food surpluses to reduce food losses and spoilage and provide food to socially unprotected segments of the population in a shared economy. The experience of food sharing practice in foreign countries has shown its effectiveness in solving the problems of providing affordable food to socially unprotected segments of the population and combating food losses and spoilage. In Russia, food banking is gaining popularity, but the lack of the necessary infrastructure and regulatory barriers hinder its development. The priority of legal regulation of food banking should be the quality and safety of the distributed food. Simultaneously, the study showed that the restrictions imposed by the state to products with an expiring but not expired shelf life and sanctioned goods are excessive in conditions of lack of food supply for certain socially unprotected segments of the population.

**Keywords:** food banking, sharing economy, production and consumption waste, food security, sanctioned goods, food bank, food bank

**Ключевые слова:** продовольственный банкинг, экономика совместного потребления, отходы производства и потребления, продовольственная безопасность, санкционные товары, продовольственный банк, продовольственный банк.

## 1 Introduction

The sharing economy is a set of relationships between individuals to obtain, provide or share access to goods and services, usually coordinated through online services [1].

Trust, responsible consumption, use of digital platforms instead of intermediaries, the substitution of property rights with rights of use are the basic principles of the sharing economy [2, p. 22].

One of the elements of shared consumption is food banking as a system of redistribution of food surpluses from producers and sellers to socially disadvantaged segments.

This food transfer is a socially critical non-verbal communication channel [3, p.423]. Food banking in the sharing economy conveys the ideas of sustainable, responsible consumption, and social solidarity.

The research aims to study food sharing as an economic phenomenon and social entrepreneurship. The elements of scientific novelty are contained in the study of food banking as social entrepreneurship.

The objectives of the study are:

- Identifying the impact of food banking on reducing food losses and the efficiency of redistributing food surplus.
- Analyzing UN and FAO data on food banking.
- Food banking practices in foreign countries.
- Identifying legislative obstacles to the development of food sharing in Russia and developing proposals for its improvement.

## **2 Materials and Methods**

The research is based on the application of several methods.

The primary research method was the observation method. With its help, food banking was studied as an existing economic phenomenon. The disadvantage of this method is its subjectivity and the impossibility of knowing the profound properties of food banking.

The essential features of food banking and its definition have been identified using the methods of abstraction, analysis, and synthesis. The objectivity of determining and

highlighting the essential properties of food banking requires using these methods in combination.

A systematic approach has made it possible to determine the place of food banking in the sharing economy and its role in the fight against food spoilage and loss. The systematic approach presupposes predetermination and consistency within the research object. At the same time, our study showed a contradiction between the introduction of responsible consumption mechanisms and a reduction in food production as a negative economic effect.

Foreign food banking models have been identified through comparative and analytical methods.

The analysis of statistical data on food spoilage and loss of FAO [4] and the UN [5] allowed us to determine the urgency of redistribution of food surpluses.

Empirically, by analyzing the websites of food banks, data on their activities has been collected [6]. Based on the data obtained, it was established that the volumes of food redistributed by banks are significant but not sufficient to reduce food losses and waste ultimately. But the study of legal regulation of food banking revealed the absence of special legislation in Russia. These relations are subject to general norms on the quality and safety of food.

Also, doctrinal sources on the topic of food banking have been studied [1, 2, 3, 7, 8, 9, 10, 11].

The concept of food banking has been formulated using the methods of abstraction, induction, and deduction

### **3 Results**

The research was carried out in several stages.

At the initial stage, a study was conducted on the degree of knowledge of food banks' activities. At this stage, it was identified that food banking needs to be examined in the context of such interrelated sustainable development goals as food wastage and loss and

the fight against hunger and poverty. It was revealed that the redistribution of food surpluses is possible by forming mechanisms for responsible behavior of suppliers, retailers, and consumers.

Further, data was collected from open sources: the UN and FAO's, as well as food banks official websites in various countries. Based on the data obtained, it was concluded that food sharing is effective in redistributing food surpluses.

At the final stage of the study, an analysis of the current legislation was carried out, its imperfections were revealed, and proposals were made to amend it.

#### **4 Discussion**

According to the United Nations, hunger affects 690 million people, or 8.9 percent of the world's population - and increase of 10 million in one year and nearly 60 million in five years. The world is not in a position to achieve the goal of Zero Hunger by 2030. If trends continue, the number of people suffering from hunger will exceed 840 million by 2030 [5].

At the same time, according to a general estimate proposed by the Food and Agriculture Organization (FAO) of the United Nations (FAO) in 2011, about a third of all food in the world was lost or spoiled annually [4].

FAO identifies the following stages, at each of which part of the food is lost:

1. agricultural production and harvesting, slaughter or catch.
2. operations after harvest / slaughter / catch.
3. processing.
4. wholesale and retail trade.
5. consumption: households and catering establishments.

The world community has concluded that it is necessary to share the concepts of food loss and waste.

Food loss and food waste refer to a decrease in food quantity or quality throughout the food value chain. Food losses are generated in the food value chain, from harvest, slaughter, catch to retail. Food spoilage occurs during the retail and consumption stages [5].

At the same time, reducing food losses and wastage at various stages of production and consumption may have negative economic effects for producers, since reducing losses from wholesalers will lead to a decrease in purchases from producers.

Food waste at the retail level is due to its limited shelf life and the need to ensure food meets aesthetic standards in color, shape, size, and variability in demand. Common causes of waste at the consumption stage are poor planning of purchases, over-purchasing (due to oversized portions and packages), misunderstanding of labeling, and inappropriate storage conditions in households [4].

Reducing food loss and waste involves the consistent application of measures to prevent loss and waste, redistribution of food, the use of surplus for the production of animal feed, fertilizers and compost, energy, and only last but not least, burial and destruction as a last resort [7, p.4].

According to Russian legislation, wasted production and consumer products are classified as waste following Federal Law N 89-FZ of June 24, 1998 "On Production and Consumption Wastes" (Federal Law, 1998) (hereinafter - the Law on Wastes). Wastes of production and consumption are substances or objects that are formed in the process of production, the performance of work, provision of services or in the process of consumption, which are removed, intended for disposal, or subject to removal under this Federal Law (Article 1 of the Law on Wastes). The law establishes the priority of waste disposal as the use of waste for the production of goods (products), the performance of work, the provision of services, including the reuse of waste, including the reuse of waste for its intended purpose (recycling), their return to the production cycle after appropriate preparation (regeneration), the extraction of useful components for their reuse (recovery),

as well as the use of solid municipal waste as a renewable energy source (secondary energy resources) after extracting useful components from them at processing facilities (energy utilization) (Article 1 of the Law on Wastes).

At the same time, Part 2 of Art. 3 of the said law correlates the FAO concepts and fixes, in decreasing order of priority, the following main directions of the Russian state policy in the field of waste management:

- Maximum use of raw materials and materials
- Waste prevention
- Reduction of waste generation and removal of waste hazard class in the sources of their generation
- Waste treatment
- Recycling
- Waste neutralization

The development of food banking can become an effective means of ensuring food security as a state of the country's socio-economic development, in which food independence of the Russian Federation is ensured, physical and economic accessibility for every citizen of the country is guaranteed food products that meet mandatory requirements, in volumes not less than rational consumption standards food products necessary for an active and healthy lifestyle (Decree of the President of the Russian Federation of January 21, 2020 N 20 "On the approval of the Doctrine of food security of the Russian Federation" (Decree of the President, 2020). The most important elements of food security are:

rational norms of consumption of food products - a diet presented in the form of a set of products, including food products in volumes and ratios that meet modern scientific principles of optimal nutrition, taking into account the existing structure and nutritional traditions of the majority of the population;



economic accessibility of food - the ability to purchase acceptable quality food at prevailing prices, in volumes and assortments that meet the recommended rational consumption standards.

Ensuring the physical and economic accessibility of the food assortment of high-quality and safe food products necessary for forming a healthy diet for every citizen of the country is one of the strategic tasks of ensuring food security.

Food banking - can be described as a system of free redistribution of food surpluses.

They "cannot be retailed and can include processed foods deemed unfit for the retail market because of manufacturing errors or damage during shipping, handling, and storage, new food products that failed when introduced into the marketplace, and unprofitable crops. " [7]. The main element of the food banking infrastructure is "food banks".

According to one version, the first food bank St. Mary's Food Bank, appeared in the USA in 1967 [6]. Later, its founders created a nationwide organization of more than two hundred food banks. Today this organization is called Feeding America [13]. About 40 million people receive food through this organization every year, including 12 million children and 7 million older people.

Food banks can be classified according to the coverage area criterion. Food banks can be universal, such as the Global Food Banking organization [14] regional and local.

The distribution of food surpluses according to the b2c model is allowed in foreign countries, however, in most cases it is about "the food which is still good enough to be consumed because we have an excessive amount that is likely to be wasted or discarded" [9].

In France, supermarkets with an area of over 400 sq.m. are obliged to enter into agreements for the donation of expiring products with charitable organizations under threat of a fine [15].

A similar law is in effect in the Czech Republic [16].

Since 1989, the Fondazione Banco Alimentare Onlus food bank has been collecting surplus produce from retail chains and redistributing it to over 8,898 charities through its network of 21 nationwide that help the poor and needy throughout Italy [17] (Banco Alimentare, Italian Food Bank Network, 2014 URL: <https://www.bancoalimentare.it/en/italian-food-bank-banco-alimentare-about-us>).

The Russian Food Fund "Rus" for 2020 accumulated and redistributed 7,325,000 kilograms of essential goods and products in 54 regions of Russia [18].

Simultaneously, it should be noted that legislative barriers hinder the development of food sharing in Russia.

Legal regulation of food sharing activities is based on the provisions of Art. 582 of the Civil Code of the Russian Federation, Art. 4-5 [12] and 12 of the Federal Law of 11.08.1995 N 135-FZ "On charity and volunteering (volunteering)" [19] and Art. 3 of the Federal Law of 02.01.2000 N 29-FZ "On the quality and safety of food products" [20] prohibits handling products with an expired shelf life.

At the same time, in the USA, product quality requirements do not apply to products sold as a donation [10].

The possibility of introducing preferential VAT taxation on donations in the form of food is considered in the Letter of the Ministry of Finance of the Russian Federation N 03-03-06 / 3/18418 dated 20.03.2019 [21]. This letter explains that such transactions are not subject to taxation under the current legislation.

Another source of food for food sharing could be seized sanctioned goods. Thus, in the first two years of operation, by Decree of the President of the Russian Federation of July 29, 2015 N 391 "On certain special economic measures used to ensure the security of the Russian Federation" [22], 7,500 tons of products prohibited for import were destroyed. In this regard, in 2017, the draft federal law N 1151505-6 "On the implementation of certain special economic measures used to ensure the security of the Russian Federation" [23] was submitted to the State Duma of the Russian Federation, which provided for the

transfer of seized sanctioned goods for socially significant needs. However, it was rejected as contrary to the legislation and the objectives of introducing counter-sanctions.

From an economic point of view, food banking refers to social entrepreneurship. However, Russian legislation does not recognize the activities of non-profit organizations as social entrepreneurship.

Amendments to the law on the development of small and medium-sized businesses on social entrepreneurship (Federal Law of July 26, 2019 N 245-FZ "On Amendments to the Federal Law" [24]. On the Development of Small and Medium-Sized Businesses in the Russian Federation ", hereinafter - the Law on Social Entrepreneurship) did not extend the law to non-profit organizations [25]. This legislative approach is largely due to the lack of a complete equivalent to the term "entrepreneur" used in foreign law primarily not so much to denote a businessman as an innovator.

The founder of the theory of social entrepreneurship, G. Dees, attributed social entrepreneurs to entrepreneurs with a social mission, for whom it is central. Primarily, these entrepreneurs create social effects rather than wealth [11].

## **5 Conclusion**

Responsible consumption is one of the critical elements of the sharing economy and one of the twelve global UN Sustainable Development Goals. Even though food sharing and food banking are not directly related to responsible consumption principles, they undoubtedly are since they allow to reduce food waste through the redistribution of food surpluses.

Thus, food banking can be organized at all stages of the production and consumption chain. However, to accomplish this task, it is necessary to create appropriate legal conditions.

Food sharing is one way to rationalize and make responsible the manufacturer, wholesalers and retailers, transport and logistics companies, and the consumer in the sharing economy.

The development of food sharing has positive socio-economic consequences. It reduces poverty and is also a useful tool in combating hunger and social inequality and stimulating responsible consumption and production.

Its positive environmental effect is to reduce the amount of food waste that pollutes the environment.

The sharing economy, also named collaborative economy, seems to gain more momentum now and, as such, has the power to fuel sustainable consumption or take it to the next level [9].

A negative effect of food banking development is a decrease in production volumes. Thus, responsible consumption mechanisms require a constant search for a balance between the environmental risks from food waste and loss and the negative economic effects of reduced production due to more efficient use of production surpluses.

Also, food banking, as a form of social entrepreneurship, requires legislative regulation. The adopted law on social entrepreneurship does not fully reflect the essence of social entrepreneurship. We believe that the adoption of an independent law on social entrepreneurship, taking into account non-profit organizations' activities, would be a conceptually more correct decision. Such an approach would have a positive impact on the development of food banking in Russia.

The UN Concept of Sustainable Economic Development has served as a research context for food banking as an economic phenomenon and social entrepreneurship form. In the course of the study, the interconnections of economic agents arose in the process of redistribution of food surpluses. This approach made it possible to determine the infrastructure necessary for its effective functioning.

The study of the legal regulation of the studied economic relations revealed the imperfections of food banking's legal regulation as social entrepreneurship, which made it possible to formulate proposals for improving the legislation.

It is noted that the development of the food banking system has both positive and negative economic effects.

Both positive and negative economic effects of the development of the food banking system are considered, the question of the need to find a balance between its development and containment of negative effects from this process is raised.

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