

Rural regional development policy in Lithuania: experience and approach

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Average LFA Payments in EU (articles 18,19,20, 21)

	LFA (as % of UAA)	per holding euro	per hectare euro		LFA (as % of UAA)	per holding euro	per hectare euro
Belgium	20	429	200	Luxembourg	100	10217	135
Czech Republic	50	10540	125	Malta	100	303	250
Denmark	1	2540	64	Hungary	14	-	118
Germany	50	2313	72	Netherlands	11	684	92
Estonia	60	891	25	Austria	67	2629	178
Ireland	51	2297	88	Poland	50	433	46
Greece	70	1510	88	Portugal	88	817	89
Spain	78	982	16	Slovenia	72	902	136
France	44	4219	100	Slovakia	50	22395	65
Italy	49	1492	81	Finland	100	6194	195
Cyprus	59	884	-	Sweden	48	1145	43
Latvia	98	905	56	United Kingdom	46	4984	54
Lithuania	63	528	66				

Legislative base

The main documents on which common regional policy is based in Lithuania:

- Lithuanian Regional Development Law (2000);**
 - The Strategy of Regions Economical Development which is a constituent part of Lithuanian Economics Development Strategy till 2015 (2002);**
 - Regions Initiatives (plan) For Social and Economical Differences Reduction 2004-2006 (2004);**
 - The Strategy of Lithuania Regional Policy till 2013 (2005);**
 - The order of Minister of Agriculture “For less-favoured areas” (2004).**
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Problematical territories are municipalities where:

- The integral index of life level (estimated unemployment and income level) is above 75 % higher than Lithuania average**

Lithuanian Ministry of Internal Affairs

Less favoured areas are attributed using the following indices (article 19):

- the yield of cereals is lower than 80 per cent of the national average,
 - the value of total agricultural production per capita employed in agriculture is lower than 80 per cent of the national average,
 - the population density is lower than 50 per cent of the national average,
 - the percentage of active population engaged in agriculture is more than 15 per cent,
 - the rate of population regression is 0.5 per cent per year or more.
 - +Karst area (article 20);
 - +NATURA 2000 (article 21).
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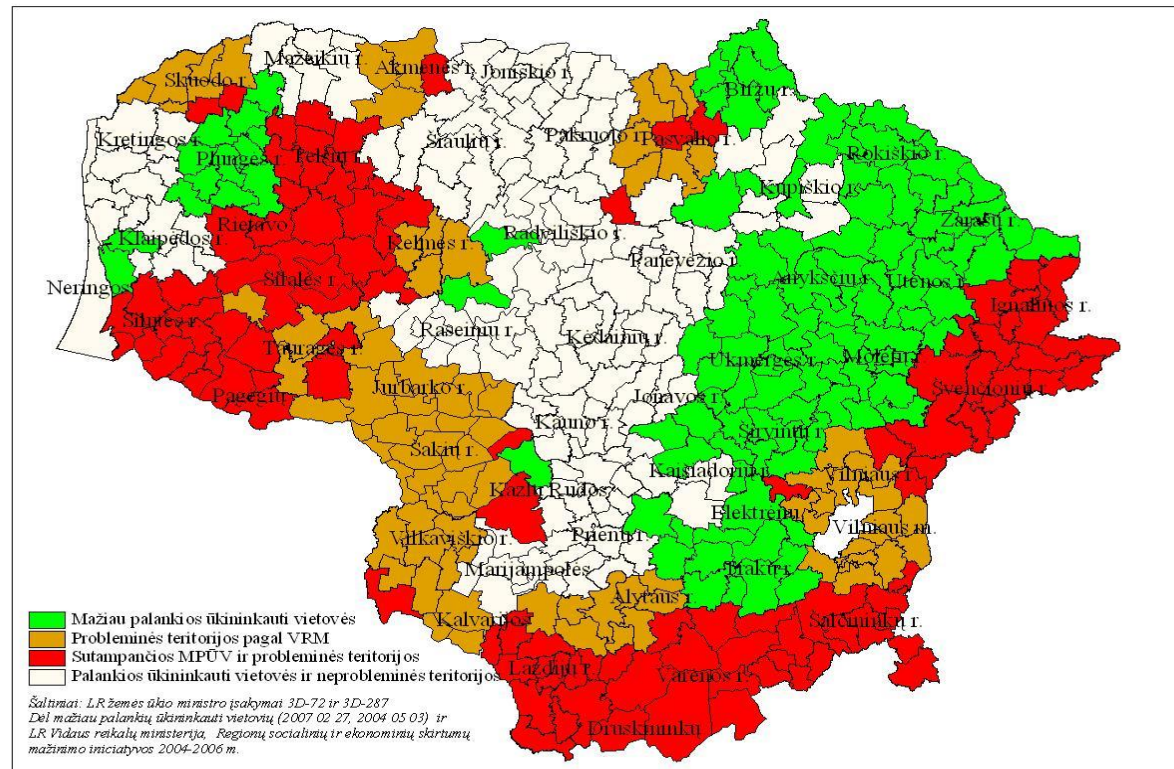
Problematical territories and less-favoured areas

- Less-favoured areas
- Problematical territories under Internal Affairs Ministry statistics
- Overlapping LFA and problematical territories
- Favoured areas and non-problematical territories

Source:

Order of Minister of Agriculture 3D-72 and 3D-287 For less-favoured areas (2004 02 27, 2004 05 03)

Ministry of Internal Affairs: The Initiatives of Social and Economical Differences Reduction of Regions 2004-2006



EU support agriculture total 2000-2005

(Lt/ha)

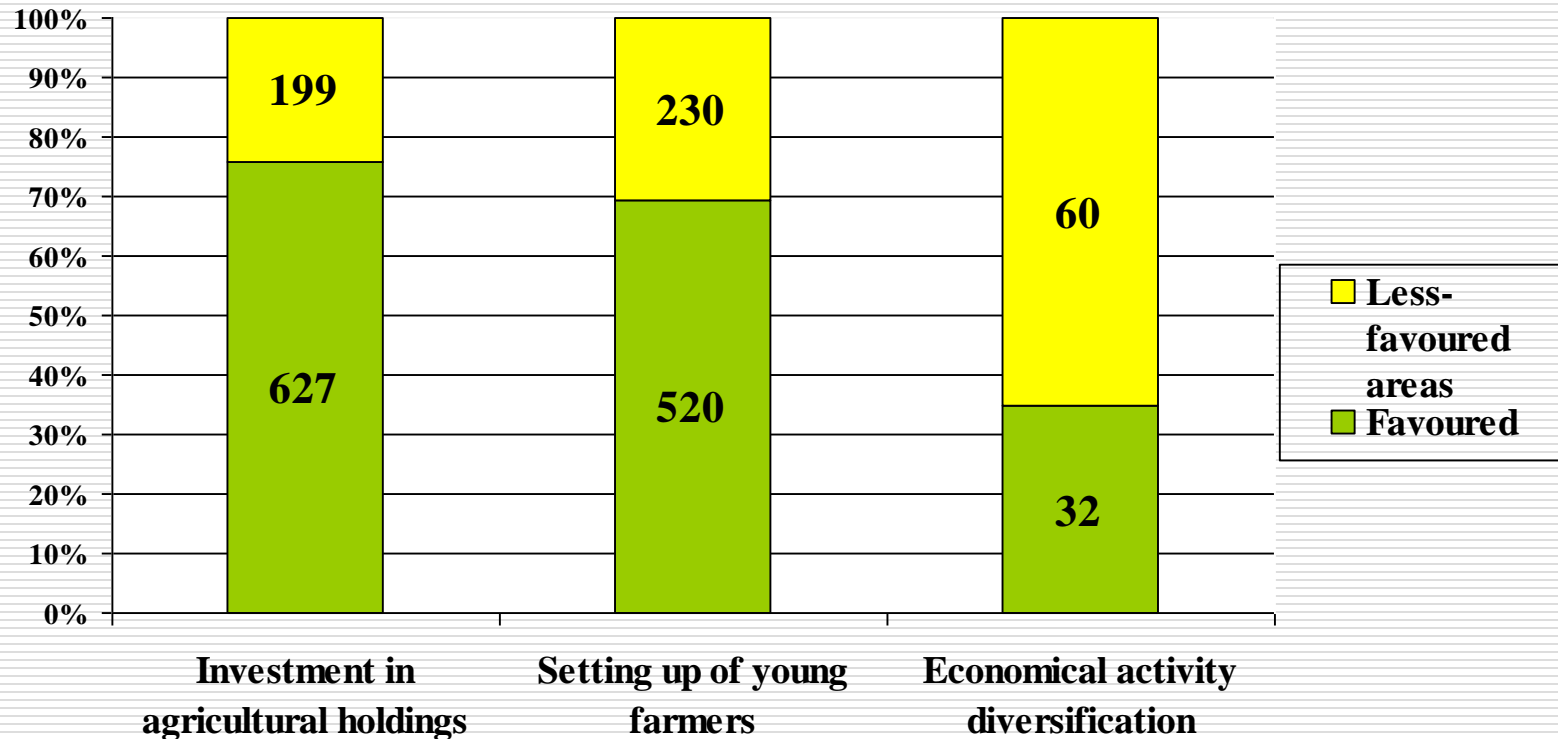
Counties	SAPARD	SPD*	Support for processing	RDP**	Direct payments	Total without processing
Vilnius	265	82	133	373	228	814
Alytus	133	152	2	298	272	853
Utena	124	60	77	402	210	720
Telsiai	265	50	176	327	270	736
Klaipėda	260	105	129	221	272	729
Panevezys	272	130	121	171	267	720
Taurage	202	76	119	285	290	734
Kaunas	388	102	155	98	280	713
Marijampole	247	125	92	92	311	682
Siauliai	123	132	23	84	282	598
Average	235	106	102	205	270	713

Accounted national budget finance for common financing and without support for processing*

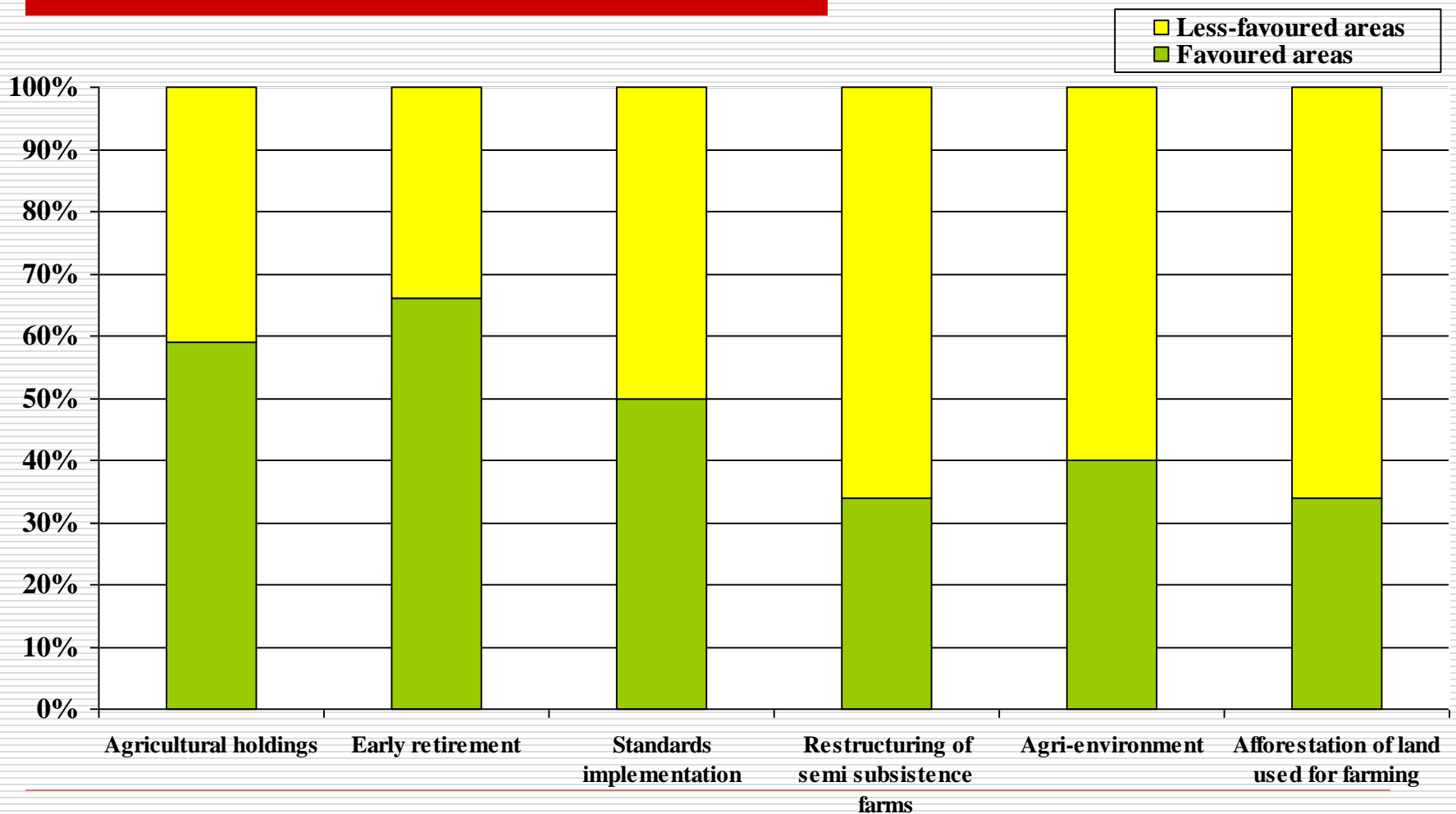
Projected budget (without fishery);

**2004 year (paid) and 2005 year (projected under authorized applications) sum

Collection of applications under the measures of SPD



Collection of applications under RDP measures



Problems

- ❑ **For low investment capacity, unfavourable age structure individuals in less-favoured areas poorly uses EU support for investment.**
 - ❑ **Compensatory allowances are used often as social support and this doesn't encourage economical growth restructuring of the farms;**
 - ❑ **Inadequate education, unfavourable age structure disturbs equivalent competence in the market;**
 - ❑ **A surplus of labour force engaged in agriculture determines low incomes and poor use of present potential of the area;**
 - ❑ **Little attention is given to monitoring, studies and research of regional development;**
 - ❑ **Incompatibility of measures of agriculture and rural development support and measures financed from ERDF, ECF;**
 - ❑ **Low popularity of measures set for rural economical diversification.**
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Regional policy needs

- The correction of evaluation criteria list of lagged areas;
 - Estimation of regions, their types and development priorities;
 - Coordination of activities all involved ministries;
 - Decentralization of decisions and support for regions;
 - Human resources development, consulting and increase of autonomy role;
 - For development of lagged regions ERDF and ECF finance should be used for: facility development; local business support; increase of attractiveness of rural areas for potential investors; investment to health protection; public services and education; consulting; re-training of rural residents.
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Thank you for your attention !

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