

Development Policies for Lagging Rural Areas: Case Study of Latvia

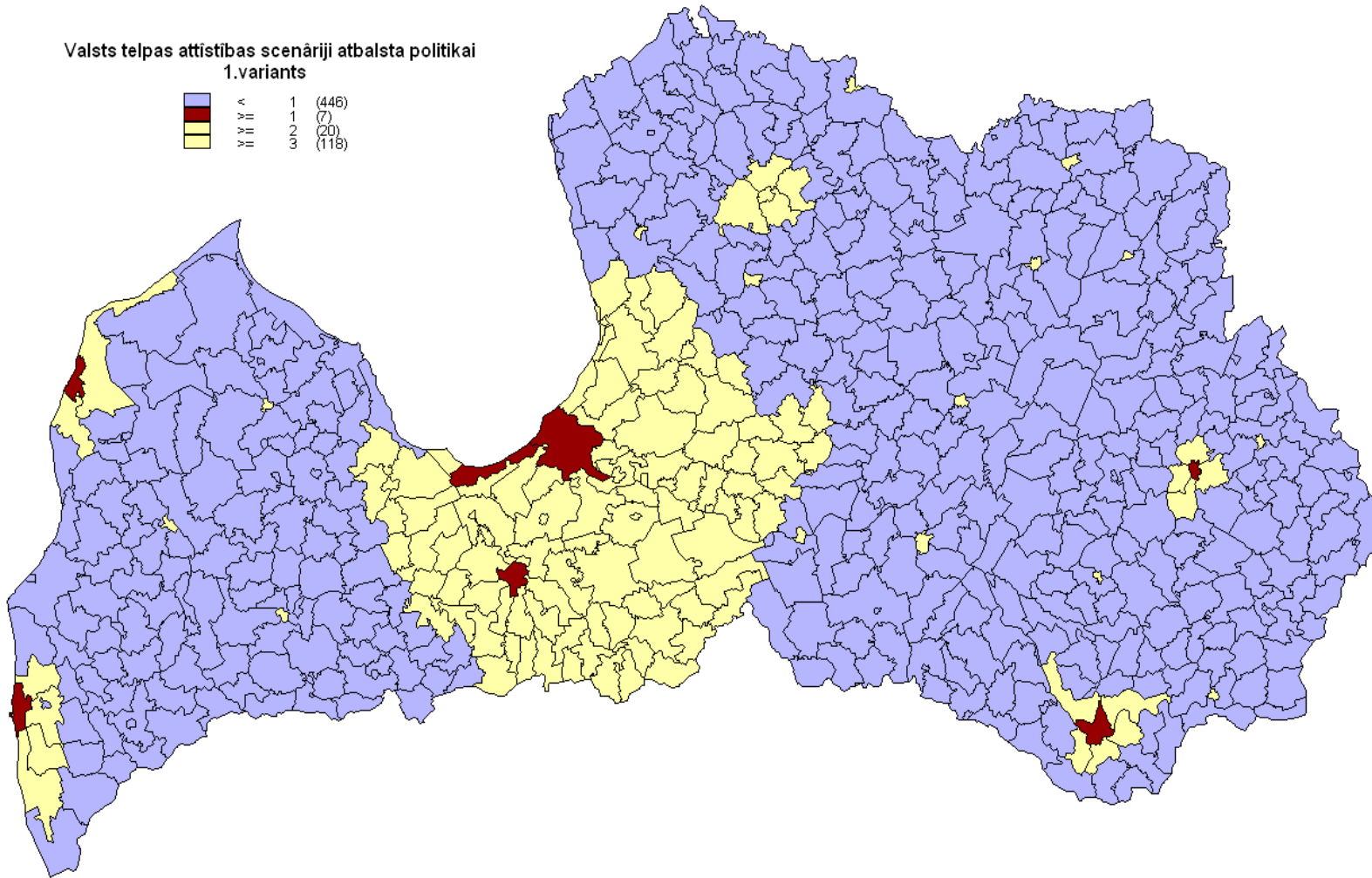
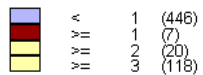
Daina Saktiņa, Dr.oec.

“Development policies for rural areas lagging behind”

Rīga, 26-27 April 2006

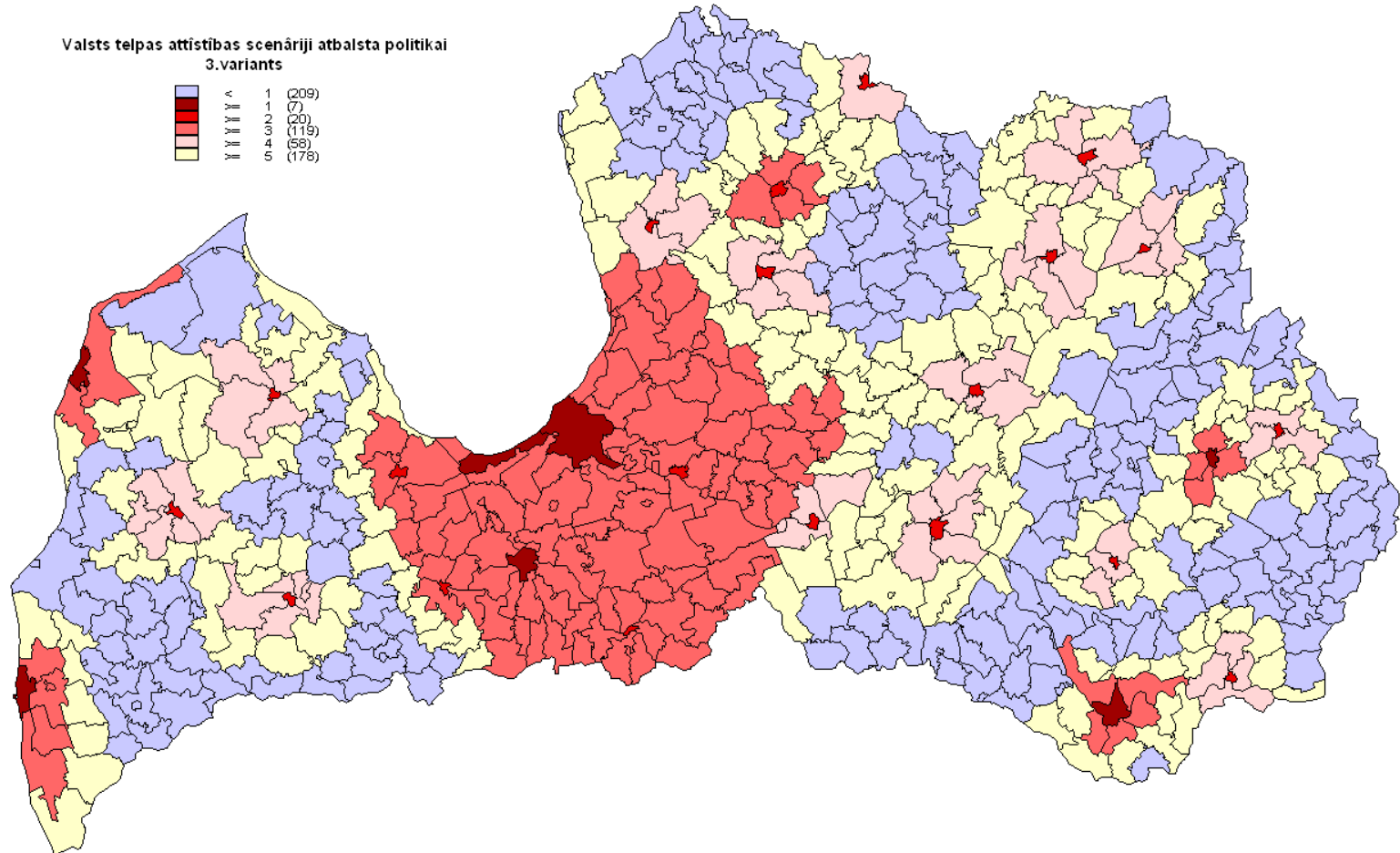
Some visualisations (1.scenario)..

Valsts telpas attīstības scenāriji atbalsta politikai
1.variants



Results of achievement of objectives defined by NDP & RDS

Valsts telpas attīstības scenāriji atbalsta politikai
3.variants



Objective of study...

- To analyze lagging rural areas, their characteristics, constraints and economic potential
- To make recommendations to improve the targeting of rural development funds to these lagging rural areas

In a broader sense....

- To improve design and management of rural development funds in order to reduce income disparities within Latvia

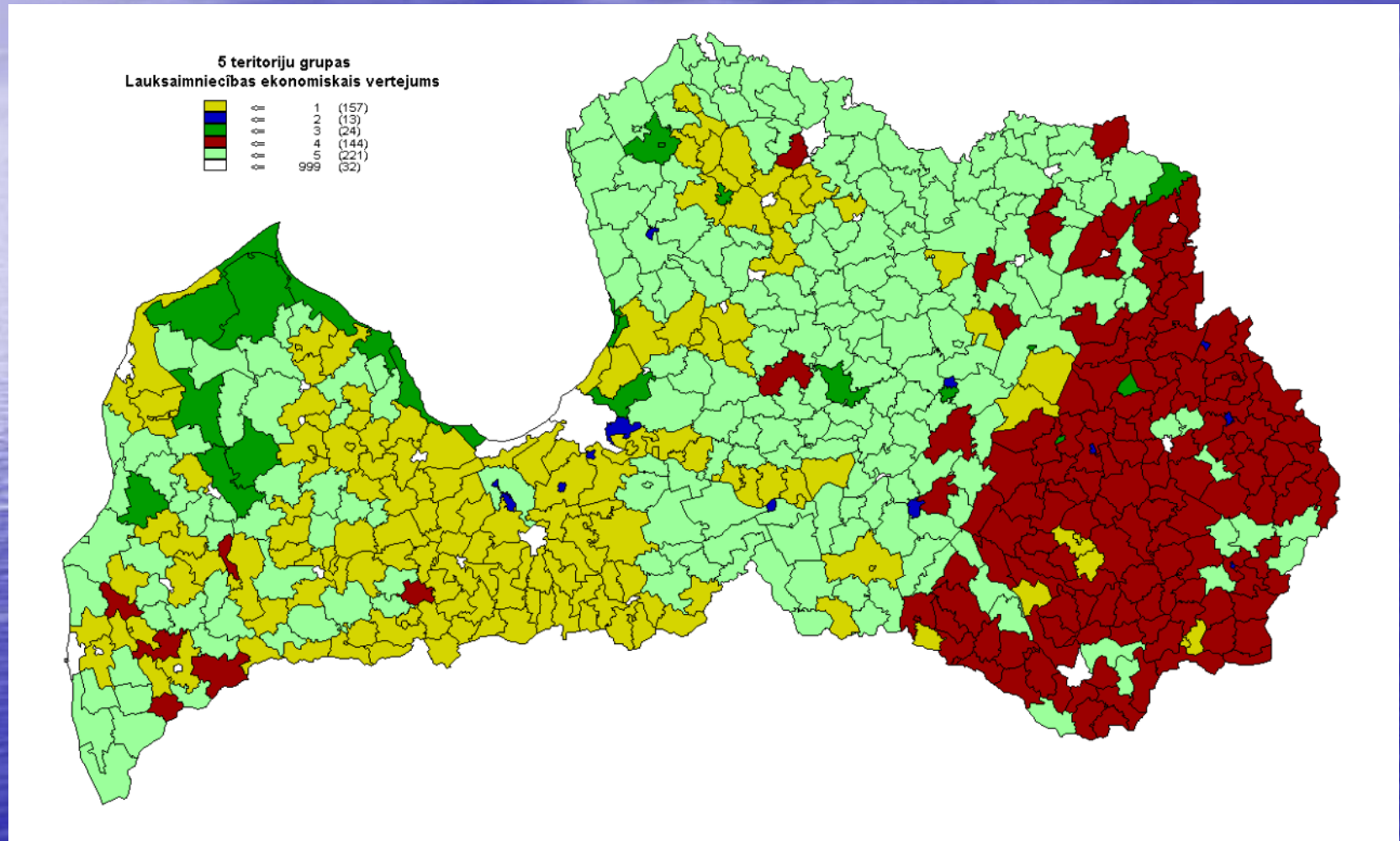
Tasks defined for study ...

- To “identify scientifically ” most problematic areas
- To define economic potential and constrains of these areas
- To evaluate existing policy to help development process
- To elaborate policy recommendations

Factors defined by 20 statistic indicators ...

- Factor 1: Economic environment in agriculture
- Factor 2: Quality of human resources
- Factor 3: Utilization of land resources
- Factor 4: Characteristics of agricultural enterprises

Result of scientifically identification (NUTS 5)...



Some indicators...

Group/	Population density	Percent of inhabitants under working age, %	Percent of inhabitants in working age, %	Percent of inhabitants over working age, %	Level of unemployment, %	Economic demographical loading per 1 working inhabitant in working age	Percent of economically active farmers in the retirement age, % of the inhabitants over working age	Income tax per 1 inhabitant in the local municipality, LVL
Group 1	24,8	16,6	63,9	19,5	5,7	0,7	16	118,8
Group 2	557,8	15	64,7	20,2	8,3	0,7	0,6	127,1
Group 3	15,2	16,1	61,3	22,5	5,7	0,7	11,1	108,3
Group 4	11,2	15,8	59,8	24,3	15,9	1	39,1	50,6
Group 5	9,3	17,4	62,2	20,4	6,4	0,7	33,3	76
Average in the territory analysed	35,7	14,8	63,9	21,3	6,2	0,7	9,8	133,9

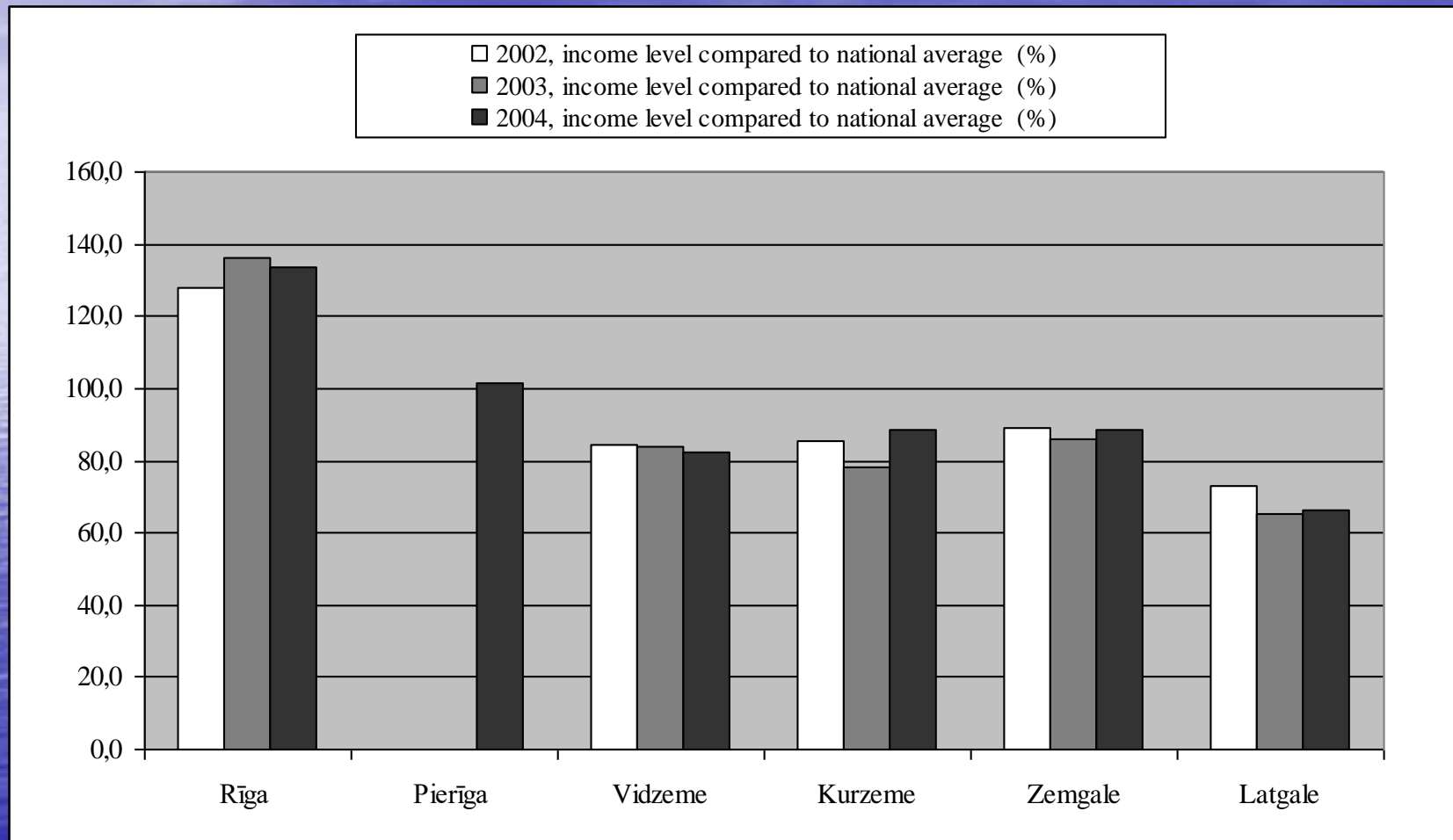
Some indicators...

Group/ indicator	Enterprises according to annual income, % of the total					Percent of forestry enterprises, % of the total number of enterprises	Percent of hotels/ restaurants, % of the total number of enterprises	Percent of agricultural enterprises, % of the total number of enterprises
	no income %	up to 3500 LVL %	3501- 7000 LVL %	7001- 20000 LVL %	more than 20000 LVL %			
Group 1	28,4	22,6	8,6	12,6	27,8	4,5	2,7	37,5
Group 2	31,7	17,8	8,1	12,4	30	5,3	3,8	9,7
Group 3	32,8	18,6	7,6	11,1	29,9	8,6	5	17
Group 4	34	35,9	7,8	9,7	12,7	5,2	1	61,8
Group 5	31,5	31,7	8,6	10,8	17,3	7,2	1,7	60,5
Average in the country	30,9	18,3	7,5	11,3	32,1	3,4	3,4	19,4

FADN indicators of productivity

All FADN farms	National	Latgale	% of national
Land productivity, Ls/ha	149	137	92%
Labour productivity, Ls per AWU	3777	2625	69%
Labour intensity, AWU per ha	3.9	5.2	133%

Household disposable income level relative to country average level, 2002-2004 (%)



Preliminary conclusions for next tasks of study...

- Territorial planning document for region Latgale has very good background information for designing of territorially appropriative support policy
- The EU development policy and its support instruments give good opportunity to introduce territorially differentiated support policy

Ongoing activities in process of support policy planning for 2007-2013

- Designing of Rural development plan 2007-2013 of Latvia
- Designing of operational programs for use of other structural funds 2007-2013
- Improvement of implementation mechanism
- Regional agencies are working on development plans for territories, but ...

Preliminary recommendations ...

- More decentralization of planning/designing process
 - The plans for support should be written by regional agencies, because ...
 - The ministries are only negotiators ...
 - There must be set regional envelopes...
- The regional offices should have more power in investment evaluation process
 - evaluate projects within region, identifying the list of them for implementation
- The regional development plans must be more “practical” with step by step guidelines
 - define practical marketable attributes or products and to concentrate “efforts/resources”

- *Paldies par uzmanību un veiksmi turpmākā darbā*