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the candidate states and the countries of the western Balkan**

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**RURAL TECHNOLOGY TRANSFER IN TRANSITION ECONOMIES  
IN LATVIA**

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The project aims to establish a network of experts involved in agricultural policy analysis and rural development in the New Member States, in the Acceding Candidate Countries and in the countries of the Western Balkan. More detailed information on the project can be found at [www.agripolicy.net](http://www.agripolicy.net).

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# **1 Introduction and background**

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## **1.1 Introduction to rural technology transfer**

### 1.1.1 Agricultural and rural training

Farmers and rural entrepreneurs benefit from an advisory and education support system – Latvian Rural Advisory and Education Centre (LRAC). Its status is a non-profit limited company, owned by the State (99 %) and the Farmers' Federation (1 %). The LRAC was established as a training and advisory institution for farmers and rural entrepreneurs.

The LRAC offers different kinds of training programmes and also Continued education courses. Training programmes concerning to specific agricultural production issue like crop-farming, horticulture, cattle-breeding are mostly provided by public financing, but training is chargeable when related more to general entrepreneurship like accounting and applications of laws and regulations, use of computers and software, preparation of business plans, and acquisition of EU Structural Funds. In Latvia also many private companies offer and organise such kinds of training.

### 1.1.2 Agricultural and rural advisory/consultancy services

The major provider of agricultural and rural consultancy services is the above-mentioned LRAC. The LRAC offers consultations in 26 consultation offices across the country, but since 2005 as a result of co-operation between the Ministry of Agriculture and LRAC and the Latvian Association of Local and Regional Governments the Rural Consulting and Information Exchange System was established. Within the system in each of 510 municipalities with rural territories and its regions one municipal specialist was hired in order to promote rural development which includes also offering free-of-charge consultations related with rural development.

Other consultation providers are private consultation companies, which offer consultations mainly related with general business issues and agricultural technology sellers by offering their customers different specific consultation services related with use of their products.

### 1.1.3 Role of farmers' groups, including national or regional farmers' organisations

Farmer organisations in Latvia are in process of development therefore currently their main objectives are still related with selling of products and other kinds of co-operation, but only a few of them (like rapeseed and grain producer co-operative 'Latraps') are providing any training and advisory services for their members and several farmer organisations are intending to start provide such services.

## **1.2 Agricultural and rural skill level**

There are many farms, but only small percentage of them are market-oriented (84.9% of all farms in Latvia are very small and these farms actually engage in production for their own consumption). The education level of persons employed in the sector is low. In 2003, totally in the country, there were 14.6 % employed with basic or lower education, while in agriculture this indicator reached 37.8 %. The statistical data show that only 21.4 % farm managers have higher or vocational education in agriculture.

### Agricultural education of farm managers in 2005

	Higher education	Vocational education	Basic qualification	Practical experience
Number of farm managers	5 875	22 562	15 859	88 709
% of the total number of farm managers	4.4%	17.0%	11.9%	66.7%

Source: 2005 survey of the structure of agricultural holdings in Latvia; Central Statistical Bureau of Latvia

Mostly managers of self-producing farms are poorly educated in agriculture, but managers of market-oriented farms are relatively better educated, but still, there is lack of specific production knowledge in the agricultural sector.

## 2 Specific technology transfer issues

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### 2.1 Training provision

#### 2.1.1 Quality and suitability of provision

According to experts' views who worked out recommendations to the Ministry of Agriculture (*Recommendations for basic approach for human resources development promotion policy in rural areas according to responsibility of Ministry of Agriculture*) the quality of provided basic level training programmes in Latvia is sufficient. However for specific training, quality should be improved. In Latvia, there are not a lot of high level specialists who could tutor such kind of training. Another aspect is that such specific training provided by high-level tutors is very expensive and, due to the price, demand is not high enough to reach sufficient concentration level and potential participants in certain areas.

#### 2.1.2 Availability and spatial issues

The main agricultural training provider in Latvia (LRAC) organises training in its headquarters and in local consulting offices in 26 districts across the country. Training provided by private companies (training related to business issues in general) is also available in cities of regional importance.

Processors of agricultural products offer to their suppliers (farms) different seminars and training in order to educate them on how agricultural production should be conducted in order to satisfy requested standards of production quality. Such kinds of seminar and training take place in regions where a processor and its suppliers are located.

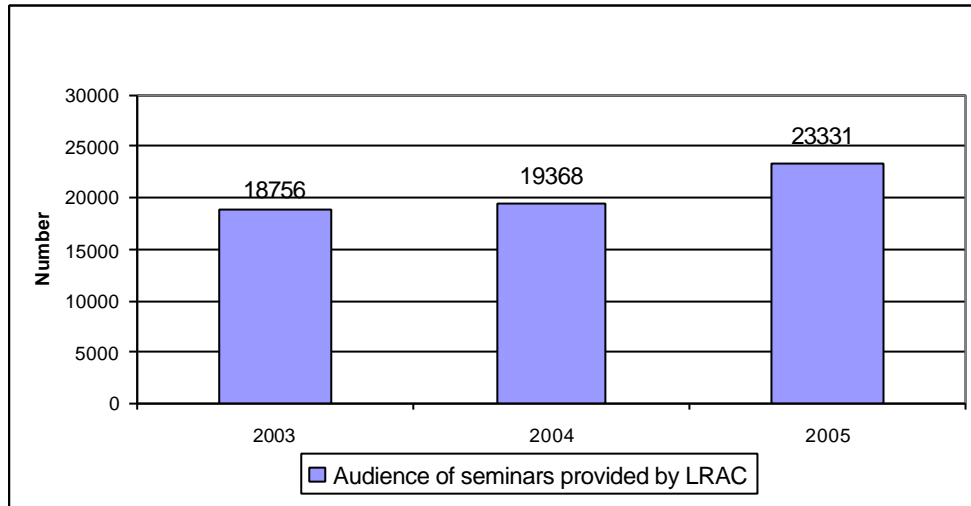
#### 2.1.3 Practical issues

Knowledge from agricultural training is practically usable, although, as mentioned above, sometimes training concerned with some specific issues is not provided at a high quality level, therefore obtained knowledge is not deep enough.

#### 2.1.4 Demand side issues

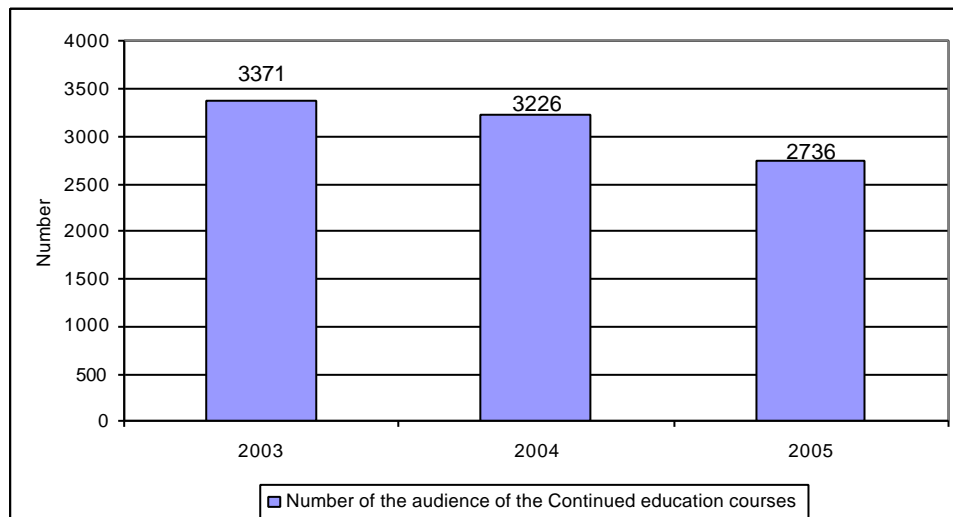
Demand for training from year to year is rising. An increasing number of market-oriented farms and other inhabitants of rural areas have used an opportunity to participate in different training.

In 2005, the LRAC - in order to promote rural development and to improve the professional and business knowledge of rural entrepreneurs – organised 876 training seminars for farmers and rural entrepreneurs in all parts of Latvia. There were 23,300 participants in total, which is 4,500 more compared with 2003. Unfortunately, there are no statistical data on how many training participants were farm managers, workers or entrepreneurs in other sectors.



Source: *Agriculture and rural area of Latvia*; Ministry of Agriculture of the Republic of Latvia, 2006

In 2005, some 2,736 specialists from agriculture related institutions and companies, managers and workers of farms have been trained in 150 training groups regarding successful operation in a free market situation.



Source: *Agriculture and rural area of Latvia*; Ministry of Agriculture of the Republic of Latvia, 2006

### 2.1.5 SWOT analysis

#### Training provision

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Available in 26 local consulting offices across the country.</li> <li>- Available free-of-charge training on specific agricultural issues.</li> <li>- LRAC offer wide range of consultations.</li> </ul>	<ul style="list-style-type: none"> <li>- Quality of some types of trainings is not sufficient .</li> <li>- Low and diffused (spatial issue) demand for fee-charging training owing to the high costs of training.</li> <li>- Lack of qualitative tutorial materials.</li> <li>- Lack of qualified tutors.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- As a result of the improving general economic situation in Latvia, there appears more solvent (able to pay) customers.</li> <li>- Many rural entrepreneurs have realised necessity for knowledge.</li> <li>- Improved co-operation between private and public sector consultation providers</li> </ul>	<ul style="list-style-type: none"> <li>- Insufficient co-operation between private and public sector.</li> <li>- As a high costs of specific agricultural trainings and relatively small number of customers able and willing to pay, private companies are not involved in knowledge transfer processes.</li> <li>- Lack of competition</li> </ul>

## **2.2 Extension and advisory services**

### 2.2.1 Public sector services

Public sector consultation services are provided by the LRAC as well as consultation services paid for by the clients. There are 26 local LRAC agricultural advisory offices across the country delivering advisory services in all main fields of agriculture and rural development. The LRAC employs 220 people. 67 % of total income is generated by provision of commercial services to more than 20,000 farmers. The LRAC offers charged services in implementation of various projects.

In order to ensure availability of the information and consulting near the place of residence, in 2005 the Rural Consulting and Information Exchange System was established as a result of co-operation between the Ministry of Agriculture and LRAC and the Latvian Association of Local and Regional Governments. Within the system in each of 510 municipalities with rural territories and its regions, one municipal specialist was hired in order to promote rural development. The remuneration of the specialists as well as their training and provision of information is financed by the Ministry of Agriculture.

The main responsibilities of the Rural Consulting and Information Exchange System specialists are as follows:

- Public activities and promotion of initiatives in the territory of particular municipalities
- Consulting within his/her competency focusing upon the opportunities of use of the EU and State of Latvia support in agriculture and rural development;
- Organising of information days in the municipality on topics related to promotion of rural development.

### 2.2.2 Private sector services

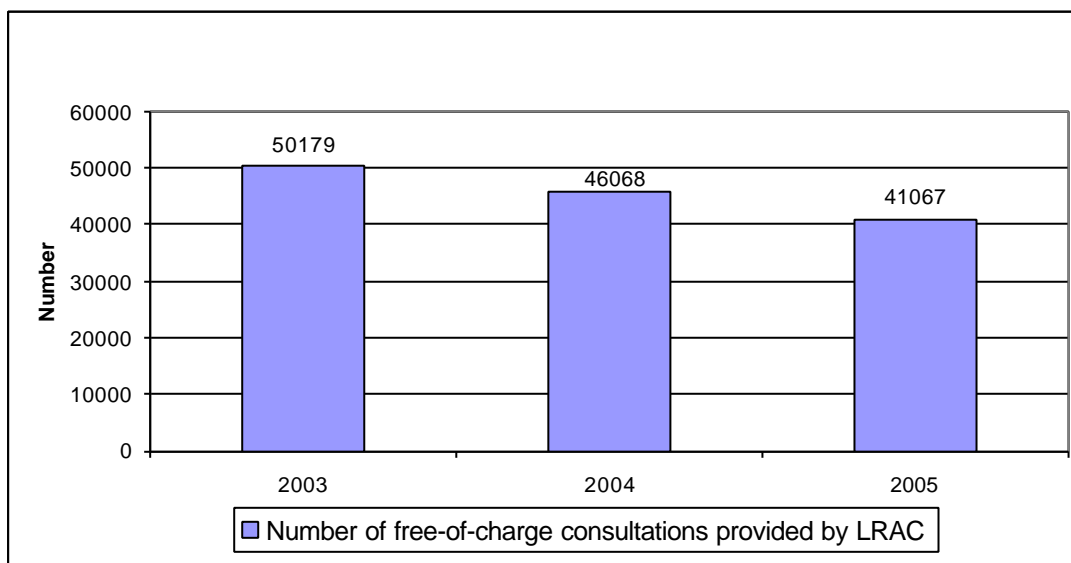
Services are provided mainly by private consultation companies and agricultural technology sellers.

Private consultation companies mainly offer consultations regarding to business issue, like production development, project management and development, attraction of investments, consultation for obtaining of EU funds and other kind of business consultations. Such kinds of companies are mainly located in Riga, the capital of Latvia, but also are available in regional cities. Consultations provided by private consultation companies are mostly used by market oriented farms and rural enterprises operating in other sectors.

An increasing role in the field of consultancies is observed for private agricultural production technique seller companies (of tractors and other machinery, fertilisers, etc.). In addition to their basic products, these companies provide training, consultations and experience exchange on how to use their products, and arrange tours for their customers.

### 2.2.3 Demand side issues

In 2005, around 41,000 free-of-charge consultations were provided by the LRAC regarding issues related to cattle-breeding, crop-farming, plant protection, collective farming, tax, accounting, CAP, applying for EU support and other topical issues. This was 5,000 fewer consultations than provided in 2004.



Source: *Agriculture and rural area of Latvia*; Ministry of Agriculture of the Republic of Latvia, 2006

### 2.2.4 SWOT analysis

Extension and advisory services

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Available in 26 local consulting offices across the country</li> <li>- In each of 510 municipalities there is one</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of quality prepared consultation materials</li> <li>- Consultation quality provided by State hired specialist in municipalities might be very</li> </ul>

<p>specialist for rural inhabitants to consult about opportunities of use of the EU and State support in agriculture and rural development</p> <ul style="list-style-type: none"> <li>- Available free-of-charge consultations</li> <li>- Private consultation companies offer wide range of consultations related to general business issues.</li> </ul>	<p>different, because quality is largely dependent on each specialist's own initiative.</p>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Improvement of co-operation between private and public sector consultation providers</li> <li>- Possibility to use EU Structural Funds to develop consultation services</li> <li>-</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Insufficient co-operation between private and public sector</li> <li>- Lack of private companies involved in specific agricultural knowledge transfer processes</li> <li>- Low rural inhabitants' own initiative</li> </ul>

### 3 Overview and prospects

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#### 3.1 Training

In Latvia, there is only one organisation, which provides training in agriculture, and many different private companies offering training and consultations related to business in general.

Regarding training and consultations in Latvia, there are several problems:

- Current State policy regarding development of the labour force in rural areas is ineffective. Instead of stimulating demand for training, currently supply is stimulated by allocation of funds for certain amounts and types of training rather than what should be provided to farmers and rural inhabitants.
- Lack of professional tutors for high quality agricultural training;
- State allocated funds are not sufficient to provide high quality training, and small number of solvent (able to pay) customers for specific training issues results in high charges for training
- Insufficient rural inhabitant knowledge and initiative to participate in State offered training and to use the offered consultation services.

#### 3.2 Extension

Considering consultations related to agriculture, there is only one consultation provider – LRAC where consultations are available in 26 local offices across the country. Consultations related to rural development and opportunities for use of the EU and State support for agriculture are available for rural inhabitants in each of 510 municipalities with surrounding rural territories. Consultations are provided by the Rural Consulting and Information Exchange System which was established as a result of co-operation between the LRAC and the Ministry of Agriculture and other organisations.

Private companies mostly provide consultations related to business in general and such companies mainly are located in the capital of Latvia with an availability in regional cities as

well. Private consultation services mostly are used by market oriented farms and other entrepreneurs from rural areas.

One more category among private consultation providers is different sellers of agricultural technologies. In addition to their basic product (agricultural equipment, fertilisers, machinery etc.) they offer to customers consultations related with their products.

### **3.3 Linkages between technology transfer agencies**

There is a lack of co-operation between public and private sector training and consultancy providers which does not promote qualitative knowledge transfer to rural inhabitants (farmers and rural entrepreneurs). State allocated funds are not sufficient to manage that.

Currently, the Ministry of Agriculture has realised problems related to knowledge transfer, and has started to work out a plan to improve co-operation with the private sector in order to make better knowledge transfer including creation of knowledge, promotion of demand for training and consultations and knowledge transfer by training, seminars, consultations and information involving both public and private sectors.

## **4 References**

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- *Latvian Rural Development National Strategy Plan 2007 – 2013*; Ministry of Agriculture of the Republic of Latvia, 2006
- *Agriculture and rural area of Latvia*; Ministry of Agriculture of the Republic of Latvia, 2006
- *2005 survey of the structure of agricultural holdings in Latvia*; Central Statistical Bureau of Latvia, 2006
- *Recommendations for basic approach for human resources development promotion policy in rural areas according to responsibility of Ministry of Agriculture, 2006*, by experts from LRAC and private consultation company Ltd “Edo Consult”

## 5 ANNEX

### Training provision and use by the rural population

<b>Approx. % of population that is rural by:</b>	
(a) place of residence	32%
(b) place of work	12,4%
<b>Approx. % of all workers in rural areas in:</b>	
(a) agricultural employment	30,6%
(b) non-agricultural employment	69,4%
<b>Number of universities and similar institutions with agricultural courses</b>	1
<b>Number of colleges and similar institutions providing agricultural training</b>	4 <sup>1</sup>
<b>Number of other training providers:</b>	
(a) publicly funded	%
(b) privately funded	%
<b>Approx. % of agricultural personnel with:</b>	
(a) degree or equivalent	
(b) diploma or equivalent	
(c) certificate or equivalent	
(d) full secondary education	
(e) less than full secondary education	
(f) little or no formal education	
<b>Estimated level of demand for further training:</b> (use A=high, B=moderate, C=low)	
Agriculture – arable/cropping production	
Agriculture – livestock production	
Business management	
Other [please specify; add rows as necessary]	

<sup>1</sup> Dates from public available list of vocational schools in Latvia where schools relation with agriculture is indicated in its name.

Central Statistical Bureau information shows that number of graduates of agricultural vocational schools are declining:

	2000	2001	2002	2003	2004	2005
New enrollees	528	373	318	446	351	255
Enrolment at the beginning of schools year	1721	1275	1005	913	1004	938
Graduates	712	552	410	329	202	183

**Advisory and extension services available to agricultural and rural businesses**

<i>Public sector organisations by name</i>	Approximate number of advisors or consultants
Latvian Rural Advisory and Education Centre	200
Rural Consulting and Information Exchange System	510
<i>Private sector organisations by name</i>	Approximate number of advisors or consultants
Estimated % of farmers actually <i>using</i> advisory services of some sort	25 %
Estimated % of NAE rural businesses actually <i>using</i> advisory services of some sort	%
Estimated demand for <i>new</i> advisory services - % of all farms and other rural businesses	%