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**RURAL TECHNOLOGY TRANSFER IN TRANSITION ECONOMIES**

**LATVIA**

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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 advisory and education support system – Latvian Rural Advisory and Education Centre (LRAC) status — 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.

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 mostly is provided by public financing, but trainings related more to general entrepreneurship like accounting and applications of laws and regulations, use of computers and software, preparation of business plans, acquirements of EU Structural Funds are pay services. In Latvia also many private companies offer and organize such kinds of trainings.

#### **1.1.2 Agricultural and rural advisory/consultancy services**

The major provider of agricultural and rural consultancy services is above-mentioned LRAC. 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 production.

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

Farmer organizations in Latvia are in process of development therefore currently their main objectives still are related with selling of production and other kind of co-operation, but only a few of them (like rapeseed and grain producer cooperative “Latraps”) are providing any trainings and advisory services for their members and several farmer organizations are intending to start provide such services.

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

As in Latvia 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 engaged in production for the own consumption), education level of persons employed in the sector is low. In 2003, totally in

country, there were 14,6 % employed with basic or lower education, while in agriculture this indicator reached 37,8 %. The statistical dates 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 low educated in agriculture, but managers of market-oriented farms are relatively better educated, but still, there is lack of specific production knowledge in 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' view who worked out recommendation to 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 trainings quality should be improved. In Latvia there are not a lot of high level specialists who could tutor such kind of trainings. Another aspect is that such specific trainings provided by high-level tutors are 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 trainings organize in company's headquarter and in local consulting offices in 26 districts across the country. Trainings provided by private companies (trainings related to business issues in general) also are available in cities of regional importance as well.

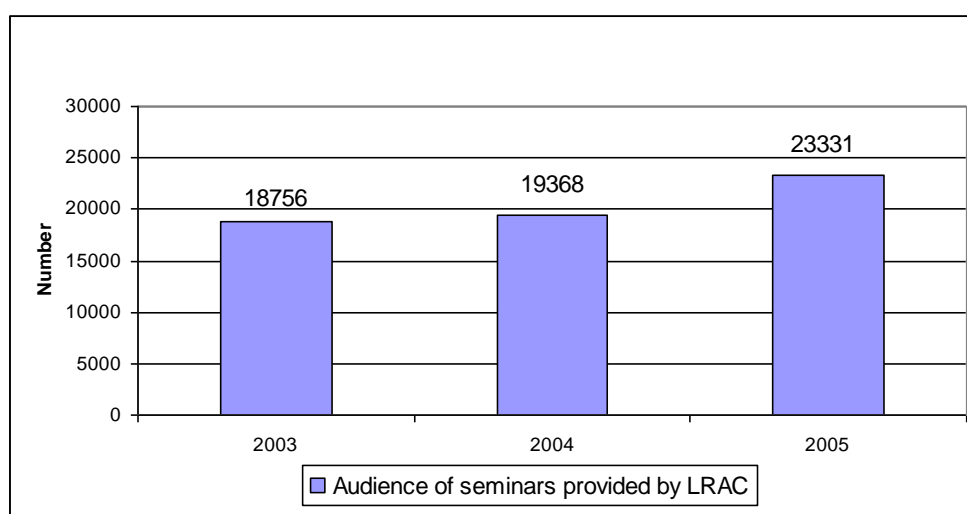
Processors of agricultural production offer to their suppliers (farms) different seminars and trainings in order to educate them how agricultural production should be produced to reach requested standards of production quality. Such kind of seminars and trainings take place in regions where processor and its suppliers are located.

#### **2.1.3 Practical issues**

Knowledge from agricultural trainings is practically usable, although, as it is mentioned above, sometimes trainings concerned to some specific issues are not provided on high quality level, therefore obtained knowledge is not deep enough.

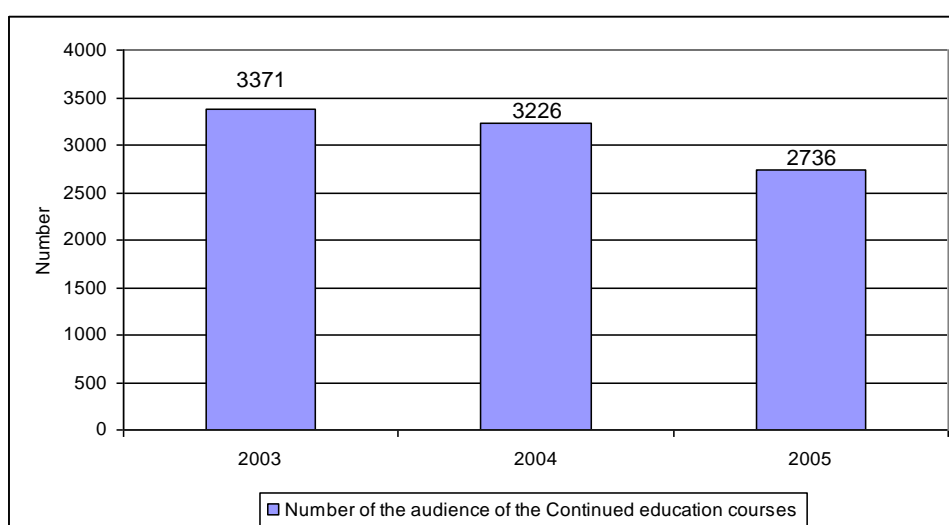
#### 2.1.4 Demand side issues

Demand for training from year to year is rising. Increasing number of market-oriented farms and other inhabitants of rural areas have used an opportunity to participate in different trainings. In 2005 LRAC in order to promote rural development and to improve the professional and business knowledge of rural entrepreneurs 876 training seminars have been organized for farmers and rural entrepreneurs in all parts of Latvia. There were participated in total 23,3 thousands persons which is by 4,5 thousands more compared with 2003. Unfortunately there are no statistical data how much 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 2736 specialists from agriculture related institutions and companies, managers and workers of farms have been trained in 150 training groups regarding the successful operation in 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 trainings of 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 pay trainings which makes high costs of trainings.</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 improving general economical situation in Latvia, there appears more solvable customers.</li> <li>- Many rural entrepreneurs have realized necessity for knowledge.</li> <li>- Improve of 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 solvable customers, private companies are not involved in knowledge transfer process.</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 LRAC. LRAC provides both public financed consultation as well as pay consultation services. There are 26 local LRAC agricultural advisory offices across the country delivering advisory services in all main fields of agriculture activities and rural development. LRAC employs 220 people. 67 % of total income is generated by provision of commercial services to more than 20 000 farmers. The LRAC offers pay 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.

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

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

promotion of rural development.

### 2.2.2 Private sector services

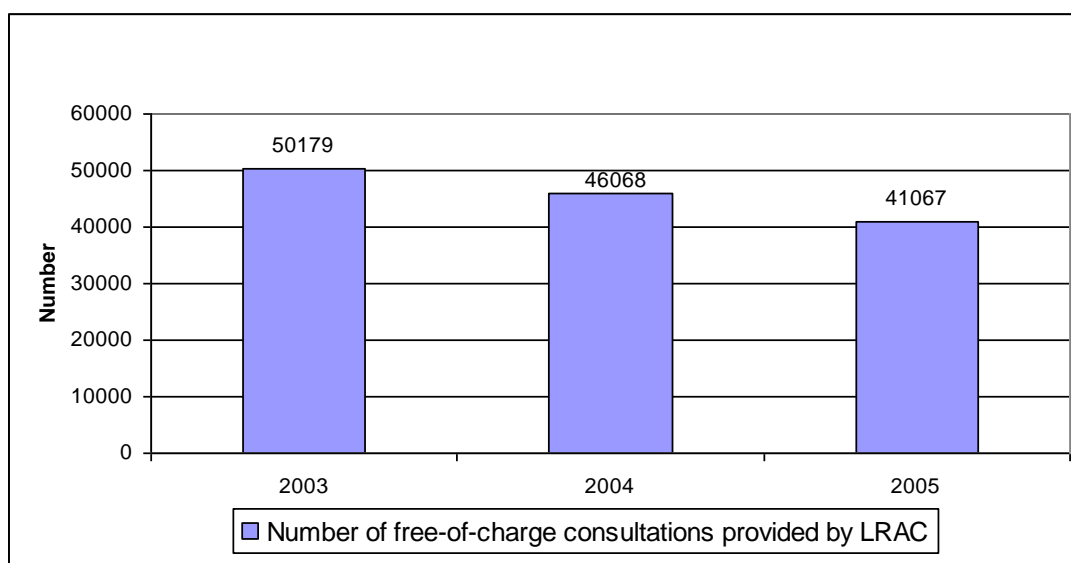
Private consultation services are provided mainly by private consultation companies and agricultural technology sellers.

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 mainly are located in capital of Latvia, but also are available in regional cities as well. Consultations provided by private consultation companies are mostly used by market oriented farms and rural enterprises operating in other sectors.

Increasing role in the field of consultancies is observed for private agricultural production technique seller companies (machinery, fertilizer, tractors sellers). In addition to their base products, these companies provide trainings, consultations and experience exchange how to use their production tours for their customers.

### 2.2.3 Demand side issues

In 2005 around 41 thousand free-of-charge consultations have been provided by LRAC regarding issues related to cattle-breeding, crop-farming, plant protection, collective farming, tax, accounting, CAP, applying for EU support and other topical issue. It is by five thousand provided consultations less then 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

Strengths	Weaknesses
<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</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>one specialist which consult rural inhabitants about opportunities of use of the EU and State support in the 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 from each specialist initiative.</p>
<p><b>Opportunities</b></p>	<p><b>Threats</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 of EU Structural Funds to develop consultation services</li> <li>-</li> </ul>	<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 process</li> <li>- Low rural inhabitant own initiative</li> </ul>

### 3 Overview and prospects

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#### 3.1 Training

In Latvia there is only one organization, which provides trainings in agriculture, and many of different private companies offering trainings and consultations related business in general.

Regarding to trainings and consultations, in Latvia there are several problems:

- Current state policy regarding to development of labour force in rural areas is ineffective. Instead of stimulating demand for trainings, currently supply is stimulated by allocation of funds for certain amount and type of trainings what should be provided to farmers and rural inhabitants.
- Lack of professionals tutors for high quality agricultural trainings;
- State allocated funds is not sufficient to provide high quality trainings, and small number of solvable customers for specific training issues results in high prices of trainings
- Insufficient rural inhabitant knowledge and initiative to participate in state offered trainings and to use an 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 of 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 Rural Consulting and Information Exchange System which was established as a result of co-operation between LRAC and Ministry of Agriculture and other organizations.

Private companies mostly provide consultations related to business in general and such companies mainly are located in capital of Latvia with an availability in regional cities as well. Private consultation services mostly are used by market oriented farms and others entrepreneurs from rural areas.

One more player from private consultation provider is different sellers of agricultural technologies. In addition to their basic production (agricultural equipment, fertilizers, machinery etc.) they offers 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 is not sufficient to manage that.

Currently Ministry of Agriculture have realized problems related to knowledge transfer, and have started to work out the plan how to improve co-operation with private sector in order to make better knowledge transfer including creation of knowledge, promotion of demand for trainings and consultations and knowledge transfer by trainings, 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 to basic approach of policy of promotion of development of human recourses in rural areas accordingly to responsibility of Ministry of Agriculture, 2006*, by experts from LRAC and private consultation company Ltd “Edo Consult”

## 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	%