

Rural areas in Lithuania: significance, development and aid

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Abstract. Paper aims analysing the situation of rural areas of Lithuania as well as support got from the budget of European Union facilitating the development of rural areas. Paper comprises three chapters. The rural areas are of substantial importance in terms of both surface area and population. At the beginning of 2002, the rural areas covered 63.6 thousand sq. km. This equalled 97.4 % of the total Lithuanian surface area. In 2003, the rural population was estimated at 1,145 million inhabitants. At the end of 2001 the total rural working population made up to 30 per cent of total Lithuanian employment, while agriculture, forestry and fishery employment rate was estimated at 17,8 per cent. Since Lithuania has joined the European Union in May 2004, population of rural areas starting to receive significant financial aid from the European budget. Largest share of EU financiers is going to be redistributed as the direct payments constituting in 2004 55 per cent of EU level. Programmes and finances, targeted directly to support the rural development, are considered in the so-called programming documents, prepared by the Government and approved by the European Commission.

Key words: rural areas, rural development, EU financial aid, Lithuania
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1. Context: rural areas in Lithuania

Lithuania is located in the eastern part of Europe, bordering Latvia in the north (610 km long border), Belarus to the east and south (724 km) and Poland to the south (110 km), as well as Kaliningrad region of Russia (303 km) to the southwest. The total surface area of Lithuania is 65.3 thousand sq. km (roughly the size of Ireland). Lithuanian population is 3,462 million of which 2,317 million live in urban areas and about 1,145 million in rural areas.



Map 1. Lithuania's geographic position

The country forms part of the great North European Plain, and landscape alternates between hilly areas and flat plains. There are two elevated regions with a maximum of 290 m above sea level, and three plains and

lowlands. Lithuania has 758 rivers longer than 10 km, and there are 2834 lakes larger than 0.5 ha. Forests cover 31 per cent of the territory.

The rural areas are of substantial importance in terms of both surface area and population. At the beginning of 2002, the rural areas covered 63.6 thousand sq. km. This equalled 97.4 % of the total Lithuanian surface area.

Table 1. Rural areas in Lithuania - population and area, February 2002

	Area (sq. km'000)	Per-centage	Population ('000)	Per-centage	Population Density in sq. km
Total Lithuania	65.3	100.0	3.475	100.0	53.3
Rural Areas	63.6	97.4	1.143	32.9	18.0

Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

30,8 per cent of the total Lithuanian population lives in approximately 22,000 rural settlements of various sizes. Most of them are small villages with a population of less than 50 inhabitants. The density of population is 18,0 inhabitants per km².

Table 2 . Rural settlements, 2000

Number of inhabitants	Number of rural settlements	Percentage of rural settlements
Up to 26	14767	68.5
26-50	2635	12.2
51-200	2732	12.7
201-1000	1300	6.1
>1000	115	0.5

Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

Small rural settlements prevail in Lithuania; most of them are farmstead villages (about 80 percent of the total rural settlements). Large settlements and small towns comprise 20 per cent of the total number of settlements.

The newest Population census data states that in 2003, Lithuania's population was estimated at 3,462,553 inhabitants – about 49 thousand less than in the beginning of 2000. In 2003, the rural population was estimated at 1,145 million inhabitants, i. e. accounted for 33,06 per cent of the total Lithuanian population. From 1995 the total population was constantly decreasing. However, in the rural population very slight fluctuation can be observed and on average the rural population in the period 1995-2002 was 32.7 percent.

Table 3. Changes in rural population

Beginning of the year	Total population ('000)	Rural population ('000)	% of rural population
1995	3 643	1 183	32.4
1996	3 615	1 183	32.7
1997	3 588	1 159	32.3
1998	3 562	1 163	32.6
1999	3 536	1 159	32.8
2000	3 512	1 155	32.9
2001	3 478	1 153	33.2

2002	3 475	1 149	33 06
2003	3 463	1 145	33,06

Source: : Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

The tendency of ageing population is common to the whole European region, however is it more evident in rural areas than in the towns. According to the data of February 2002 the share of population between 15 and 64 years was lower in rural areas (61.5 %) compared to urban areas (69.4%). At the same time the share of population over 64 years was significantly higher in rural areas (17.9%) compared to urban areas (12.4%). Demographic structure of rural population has a negative impact on further implementation of integrated rural development actions.

Table 4. Age structure of population, February 2002

	Total population		Population under 15 years		Population between 15-64 years		Population above 64 years	
	Thous.	%	Thous.	%	Thous.	%	Thous.	%
Total Lithuania	3475,6	100	659,6	19,0	2321,1	66,8	494,9	14,2
Urban areas	2326,2	66,9	422,5	18,2	1614,2	69,4	289,5	12,4
Rural areas	1149,4	33,1	237,1	20,6	706,9	61,5	205,4	17,9

Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

The proportion of the urban-rural population among counties is quite even - there are 3 counties with an above average urban population, as well as 3 counties with an above rural population and 4 counties with about average. The even distribution of population is considered by the Government to be an important strength of Lithuania. It provides a sound basis for sustainability of municipalities and rural communities.

During the process of transition Lithuania's labour market has undergone significant changes. The labour force experienced a dramatic loss of income and, in turn, purchasing power during the early transition, although a partial recovery of income became apparent in 1994 with economic recovery.

The development of economic reforms produced a downward trend in employment. Lithuania's employment data for 2001 compared to 1997 indicate an accumulated job loss of around 7% (106 900). During the same period the number of employed population decreased from 85,9% to 83%.

At the end of 2001, the total rural working population made up to 30 per cent of total Lithuanian employment, while agriculture, forestry and fishery employment rate was estimated at 17.8 per cent. In spite of the fact, that in 1995 the share of the sector employment made up 22.8 % of total employment, it must be considered, that the share of employment is continuously decreasing.

Table 5. Employment in agriculture, hunting and forestry and fishing, 1990-2001, %

Economic activity	1990	1995	1996	1997	1998	1999	2000	2001
Agriculture, hunting and forestry and fishing	19.5	22.8	24.2	21.8	21.5	20.2	19.9	17.8
Agriculture, hunting and forestry	19.4	22.7	24.1	21.7	21.4	20.1	19.8	17.7
Agriculture	18.5	22.9	23.1	20.8	20.6	19.2	18.9	16.7
Fishing	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

Rather large number of people engaged in agriculture is determined by the low efficiency of labour, partial employment and small farms. Lithuanian agriculture has large possibilities to increase labour efficiency by

consolidating and specializing farms. Therefore the number of the directly employed in agriculture would go down and thus will contribute to the growth of unemployment in rural areas. Redundant people should have possibilities and suitable conditions to develop new traditions in agricultural production and to engage in new business activities.

In the last years, the changes in the labour force in rural areas have not been very great, but there are certain adverse tendencies that give reasons for concern: the number of the employed decreases while unemployment is growing. In 2001, employment rate in rural areas was 43 percent and it is by 7% lower than in urban areas. The rate fluctuates in the country from 34,5 to 51,7 % broadly reflecting the actual economic and social development within different parts of Lithuania.

Table 6. Employed rural population by economic activity in 1997 – 2001, in %

Economic activity	1997	1998	1999	2001
Agriculture, hunting, forestry and fisheries	58	56	53	51
Industry and construction	12	12	14	10
Services	16	17	17	20
Education	6	8	9	9
Health and social work	4	4	4	4
Other activities: public, social and personal service	4	3	3	6

Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

Agriculture, hunting, forestry and fisheries remain the key economic sector in rural areas and employs 51 percent of the total rural population. However, in the period of 1997 – 2001 the amount of employed population in this sector decreased by 23 % in total. In different counties agriculture, hunting, forestry and fisheries employs from 52 to 82 % of the total rural population. The over dependency of rural population in terms of income from agricultural activities is a weakness of rural sector having a negative impact on successful implementation of rural development strategy.

The second largest employer is service sector - it employs 20 % of the total rural working population. The rest part of rural population is engaged in industry and construction, other services such as education, health care and social work and other activities.

The total unemployment rate of about 14% in 1997 increased to 17% in 2001. This rate exceeds considerably the EU average estimated to be 10.8%. However, according to register-based unemployment rates, in 2000 the total unemployment rate increased to 11,5 % in comparison to 5,9 % in 1997. The number of unemployed persons in rural areas in the period 1997-2001 increased from 58 to 70 thousands and it makes up to 21 %. Every third unemployed person applying to the Labour Exchange is from rural areas. The number of persons previously employed in agriculture and having no jobs presently is increasing.

The unemployment rate among the rural population makes up to 14.6 %, while in the urban areas the same indicator estimates at 16.7 per cent. But the age structure of the rural unemployed is unfavourable: the large number of rural youth unemployment is common. At the end of 2000, the unemployment rate among rural youth up to 25 years of age made up to 33.8 %. It, however, leads to the conclusion that a lot of the young generation in rural areas lack education and professional skills.

Usually, the rural activity rate is considerably lower than the urban one. At the end of 2001, it was 57.4 per cent, compared to 63.2 per cent in Lithuanian urban areas. However, the gaps between the rural employment rate and employment rate in the urban area are rather small (51.3 per cent and 52.6 per cent respectively). Despite of that rural population is less unemployed than in urban areas.

Table 7. Activity, employment and unemployment rates in rural areas compared to urban, 2000

	Urban areas	Rural areas
Activity rate	63.2	57.4
Unemployment rate *	16.7	14.6
Employment rate	52.6	51.3

Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

The incidence of long-term unemployed is also high -59%, 58,5% in urban and 60,8% in rural areas respectively. The highest long-term unemployment rates were recorded for people aged over 50, who tend to leave the labour force because of health problems or unavailability of work. The share of women in long-term unemployment accounts for 38.6 %.

However, some positive tendencies should be observed in labour market, as more of the rural population tends to switch to the employment in services and other activities that is of crucial importance in aiming to minimise the dependency of rural population from agriculture.

Consequently, lower activity and employment of the rural population leads to lower average disposable household income, when compared to the urban population. According the survey of the household income and expenditure in 2001 average disposable income per capita made up 409,5 Litas per month. Average household income in rural area was 310,9 Litas per capita, while the average urban household income was 455,4 Litas per capita. Rise of the total disposable income during 1996-2001 year period made up 25,3 per cent (29,1 in urban and 15,6 in rural area).

Low incomes of rural population determines the structure of expenses. The majority goes for food, the smallest amount for health and education.

Table 8. Average household disposable income and expenditure in 1996-2000, in Litas

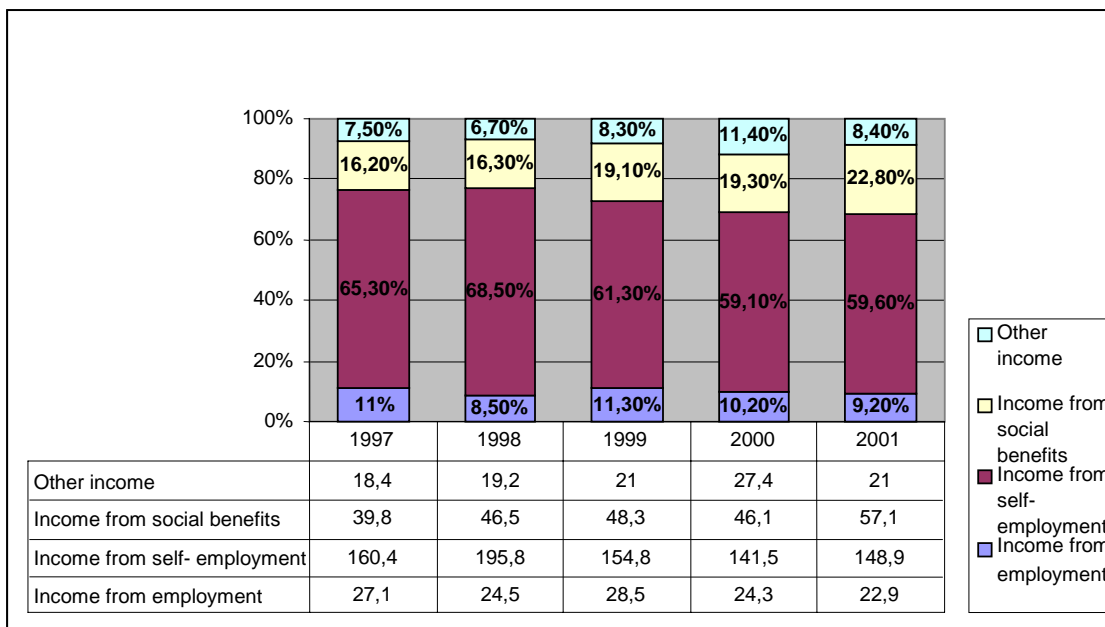
Indicators	1996	1997	1998	1999	2000
Average disposable income per family member monthly					
urban	352.7	403.1	463.5	475.2	464.9
rural	268.9	298.4	336.3	327.1	311.0
of which farmers'	24838	245.7	286.0	252.2	239.3
Share of expenditure on food, %					
urban	51.7	48.5	44.3	42.0	40.4
rural	65.3	62.1	59.0	56.8	56.2
of which farmers'	66.8	67.5	63.6	62.6	60.6
Health care					
urban	2.7	3.1	3.5	3.7	4.5
rural	2.4	3.2	3.3	3.4	5.8
of which farmers'	2.1	2.1	2.1	2.1	3.3
Education					
urban	1.0	1.0	0.4	0.8	0.8
rural	0.6	0.7	0.1	0.2	0.3
of which farmers'	0.6	0.6	0.0	0.1	0.0

Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

If to analyse the percentage distribution of disposable income by source and residential area for 2000, urban dwellers derived 59.4 per cent of their income from employment, almost twice that of rural people (29.1 per cent). Rural people derived almost a quarter of their income from self-employment in agriculture (24.2 per cent), compared to 2.3 per cent for urban dwellers. Rural people also received a higher percentage of their income from retirement pensions (20.7 per cent versus 13.1 per cent).

Figure below shows the changes in income structure of practicing farmers. Trend of declining portion of income from employment and rising portion of income from social benefits illustrate ageing process of farmers.

On the other hand, low portion of income from employment shows low off-farm job possibilities among rural people engaged in farming activities.



Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

Figure 1. Change in structure of the incomes of the self-employers in agriculture

Rural tourism is one of the most popular alternatives to traditional rural activities. In the year 2002 there were about 670 farmsteads involved in rural tourism business; in the year of 2001 the number of visitors in farmsteads involved in agro tourism made up to 56,8 thousand. The majority of the farmsteads are located in South-eastern and Western parts of Lithuania. These are the most favourable geographical regions, and are known for their rich natural and cultural resources.

Compared to urban entrepreneurs, rural ones are less active to take new businesses as the business environment in rural areas is in less favourable situation, especially in terms of investments. The other obstacle for providing alternative activities is the lack of knowledge and experience in the fields of management and marketing.

Thus, data on employment and household income reveal major weaknesses in Lithuanian rural areas: first, high dependence on one source of income - agriculture; second, high unemployment among rural youth; and third, a widening income gap between rural and urban households.

The education level of the rural population is inferior to that of the urban population. People in the rural areas are less prepared for the development of competitive agriculture or work in other industries.

Secondary education is dominant amongst both urban and rural population (34.5 and 30.1 per cent respectively). However, rural population with primary and less than primary education is of the same proportion as the population with secondary education and makes up to 30 per cent whereas in urban areas it is only 13 per cent. Most of the rural population engaged in agriculture has secondary, secondary vocational (37.9 per cent) and primary or less than primary education – 15.4 per cent.

Table 9. Number of population within the categories of education, per 1000 of inhabitants, 2001

	Higher educa-tion	Technical intermediate level education	Secondary education	Basic education	Primary level education
Urban population	161	211	286	132	172
Rural population	55	156	242	187	284

Source: Lithuanian Ministry of Agriculture, Rural Development Plan (2004 – 2006), 2004

The data of 2001 shows that in the group of 1000 inhabitants 658 urban inhabitants have higher, technical or secondary education, compared to 453 rural inhabitants. The level of higher education is three times lower among rural population.

2. Use of European Union funds to aid the rural development in Lithuania

Since Lithuania has joined the European Union in May 2004, population of rural areas starting to receive significant financial aid from the European budget. Contributions to rural development are made from all agricultural funds and programs of EU do not depending whether they are for direct payments, market support or rural development. All they facilitate the development of rural areas.

Largest share of EU financiers is going to be redistributed as the direct payments. Initially, as the New Member State of EU Lithuania has agreed with direct payments constituting 25 per cent of EU level in 2004, and gradually reaching 100 per cent in 2013 at the latest. Later on, the agreement with EU was reached permitting to redistribute part of finances directed for rural development as well as pay supplementary direct payments from National Budget. Under these circumstances, Lithuania has started the membership of EU paying to domestic farmers direct payments constituting 55 percent of EU level.

Table 10. Amount and sources of direct payments in Lithuania in 2004, mln.lt.

Sources of finances	mln.lt.
From EU budget	
1. From EU budget (European Agricultural Guidance and Guarantee fund, Gurantee section)	265,35
2. Redistributed EU finances initially directed for rural development	127,36
From National Budget	
3. Co-financing of the redistributed EU finances initially directed for rural development	31,85
4. Supplementary finances from the National Budget	159,21
Totally	583,77

Source: A.Kedaitiene, G.Ziukas, 2004

Programmes and finances, targeted directly to support the rural development, are considered in the so-called programming documents, prepared by the Government and approved by the European Commission. These are:

- National Plan for Rural development 2004-2006, including 7 measures of rural development;

- Single Programming document for 2004-2006 aiming to outline and prioritize the use of structural funds in Lithuania, including the agricultural and fisheries part which is laid down as the priority 4 comprising 10 measures.

Following the National Plan for Rural Development 2004-2006, Lithuania since 2004 starts receiving finances from European Agricultural Guidance and Guarantee fund, Guarantee section. These are distributed among 7 measures of rural development and directed to the farmers and other applicants on the competitive basis. Measures are: early retirement of farmers from commodity agriculture production, provision of support in the less favorable for farming areas with environmental handicaps, support for half-natural farms, implementation of EU standards, technical support, agrarian environmental protection, afforestation of agricultural land.

Following the information provided by Department of Rural Development of Lithuanian Ministry of Agriculture, 611,869 mln. Euro from EU budget including the national co-financing equal to 20 percent, are going to be allocated for the listed measures of rural development in Lithuania in 2004-2006. Analyzing dynamics of rural development financing, it is timely to note that EU membership facilitates significantly development of rural areas in Lithuania. Finances from EU budget hard to compare with those distributed in earlier years from the National budget. These were equal to about 1,5 mln. Euro in 2002.

Table 11. Foreseen financiers for rural development in Lithuania, mln. EUR

	Programming period year 2004–2006	
	Support including national co-financing	Support from EU budget
Priority A – Environment and less favorable areas for farming		
Measure A1 – Agrarian environment protection	62,200	49,760
Measure A2 – Less favorable areas for farming and areas with environmental handicaps	146,900	117,520
Measure A3 – Compliance with the standards	70,174	56,139
Total A	279,274	223,419
Priority B – Alternative usage of agricultural land		
Measure B1 – Afforestation of agricultural land	26,792	21,434
Total B	26,792	21,434
Priority C – Restructuring of farms		
Measure C1 – Early retirement from commodity agriculture production	129,675	103,740
Measure C2 – Support for restructuring of half-natural farms	30,494	24,400
Total C	160,169	128,140
Other measures		
Technical support	5,921	4,737
Supplementary national direct payments	120,450	96,360
Other (surplus of SAPARD)	19,263	15,410
Total, other measures	145,634	116,507
Total	611,869	489,500

Source: Lithuanian ministry of agriculture, 2004

Lithuania while deciding on the priorities of rural development, made particular emphasis on two measures: less favorable areas for farming and areas with environmental handicaps, and early retirement from commodity agriculture production. Significant part of finances is directed for supplementary direct payments. But these, as were said earlier, also supports rural development. Direct payments are distributed on non-competitive basis and are easier for farmers to get.

Emphasis made on early retirement from commodity agriculture production can be fully understood, because population of rural areas in Lithuania is basically of old age. Also, around 40 per cent of soil in Lithuania is recognized as less favorable for agriculture production.

As were said earlier, finances, allocated for seven foreseen measures, are distributed on the competitive basis. Farmers must fill in the applications and submit within the deadline to regional agricultural offices.

Data provided by the Department of Rural Development, Lithuanian Ministry of Agriculture show that finances allocated for 2004 will be nearly fully absorbed.

Allocations for rural development programs for 2004 are equal to 176,7 mln.Euro (609,6 mln. LTL). Around 160 mln. LTL of these are distributed with the direct payments and, thus for measures of rural development 449,6 mln.LTL are left. If the applicants of year 2004 comply with formalities, hopefully all applications get funded.

Table 12. Number of applications for measures of rural development in Lithuania, in 2004

Measure	Alytus county	Klaipėda county	Kaunas county	Marijampole county	Panevėžys county	Šiauliai county	Tauragė county	Telšiai county	Utena county	Vilnius county	Total number	Total value Mln.. LTL
Early retirement from commodity agriculture production	209	608	1076	646	1224	958	440	268	618	458	6505	52,4
Less favorable farming areas and areas with natural handicaps	-	-	-	-	-	-	-	-	-	-	107231	199,1
Agrarian environment protection	137	40	110	139	142	76	62	50	193	328	1277	28,7
Aforestation of agriculture land	13	12	17	12	23	19	7	18	36	41	198	7,2
Support for restructuring of half-natural farms	20	36	86	47	89	106	316	100	46	17	863	3,0
Compliance with standards	74	166	175	195	159	74	295	350	148	57	1693	115,0
Total	453	862	1464	1039	1637	1233	1120	786	1041	901	117767	405,3

Source: Lithuanian Ministry of Agriculture, 2004

No or low competition are caused by several reasons. Officials of the Lithuanian Ministry of Agriculture blame farmers about the passiveness and laziness to fill in the applications. On the other hand, there is non-official information that regional agricultural offices did not distribute fairly the information about the possibilities being financed and had mistaken the applicants in number of cases. Other reasons are connected to the fact, that applicants must start the projects on their own resources and later on these are returned initially from the National Budget which is refunded again later on from the EU budget. Financial positions of the majority of domestic farmers are not sufficient to start even the part of the project. Of course, there are possibilities to get the credit from the bank. But again, mentality of Lithuanian farmers was developed following the experience from both – Soviet times and recent transitional. Not everything got well, there were number of misleading cases, and farmers developed some mistrust to what is communicated by the official structures. Part of them are afraid that if they use their own money to start the project, these will never be refunded as promised. Also, while preparing the National Plan for Rural Development and approving at the European Commission, descriptions of some measures laying down the eligibility criteria for applicants among other content, were taken without adaptation to particulars of Lithuania. For example, measure for support of the half-natural farms requires having at least 5 cows to be eligible. In Lithuania majority of farms which would need this sort of support have 1-2 cows, and, thus, became automatically

ineligible. The same concerns some requirements laid down in the measure of early retirement from the commodity agriculture production.

Counties of Lithuania are unequally distributed regarding applications for the measures of rural development. Panevežys region followed by Kaunas, respectively being in the north-central and south-central parts of Lithuania are the leaders. On the other hand Alytus region, being on the sought-east is the lagan.

Rural development in Lithuania is also supported from the structural funds the priorities for which is set up in the Single Programming Document, prepared by Lithuanian Government and approved by the European Commission. Rural development and fisheries are set up as priority 4 in the named document. Measures of the priority are financed from the European Agricultural Guidance and Guarantee fund Guidance section and from the Financial Instrument for Fisheries Guidance. These are 10:

1. Investments into agriculture holdings,
2. Support for the settlement of young farmers,
3. Development of the processing of agriculture products and marketing,
4. Development of the rural areas (consultations for farmers and rural business, reconstruction of land plots, rural tourisms and crafts, orderliness of the water sources in agriculture activity, diversification of activities),
5. Development of the forestry,
6. Leader plus,
7. Training,
8. Activities related to fisheries fleet,
9. Protection and development of marine resources, aquaculture and processing marketing and inland fishing,
10. Other activities related to fisheries.

Table 13 . Financing of structural measures of agriculture and fisheries under the Single Programming Document, 4-th priority, year 2004-2006 m. in mln.lt.

Measure	Level of EU support, in per cent	All public support			
		2004	2005	2006	2004-2006
1. Investments into agricultural holdings	31,4	49,906	70,782	92,013	212,701
2. Support for the settlement of young farmers,	6,8	18,697	20,703	16,869	56,269
3. Development of the processing of agriculture products and marketing	16,9	26,087	34,563	40,635	101,285
4. Development of the rural areas	29,0	49,294	64,839	75,941	190,074
4.1. Orderliness of the water sources in agriculture activity	27,2	13,165	17,349	20,402	50,916
4.2. Reconstruction of land plots	8,5	0	1,539	6,153	7,691
4.3. Consultations for farmers and rural business	13,6	6,566	8,652	10,175	25,392
4.4. Diversification of agriculture and related economic activities	16,9	9,595	10,990	13,067	33,651
4.5. Development of rural tourisms and crafts	33,8	19,968	26,310	26,145	72,422
5. Development of the forestry	3,9	5,946	8,318	9,668	23,932
6.L Leader plus measure	1,5	2,149	3,339	3,900	9,388
7. Training	1,5	2,100	3,207	3,747	9,054
Totally for measures of rural development	91,0	154,179	205,751	242,773	602,703
Totally for measures of fisheries	9,0	15,430	20,177	23,738	59,344
Totally for 4-th priority	100	169,609	225,928	266,511	662,047

Source: Lithuanian Ministry of Agriculture, 2004

In 2004 over 169 mln. Lt. were allocated for the structural measures of agriculture and fisheries. These are going to increase almost in 100 mln.lt up to 2006. At the end of December 2004 National Paying Agency under the Lithuanian Ministry of Agriculture, got to the end collecting applications for the structural measures. The results show that totally 882 applications were collected with the required financing 337 mln.lt. It means, despite of any pessimistic prognosis, Lithuania is going to absorb fully allocations of EU for the structural measures. However, these applications are not yet checked for eligibility criteria and other formalities, but just registered.

Table 14. Number of applications for structural measures of rural development and fisheries in Lithuania, in 2004

Measure	Alytus county	Klaipėda county	Kaunas county	Marijampole county	Panevėžys county	Šiauliai county	Tauragė county	Telšiai county	Utena county	Vilnius county	Total number	Total value Mln.. LTL
Investments into agricultural holdings	11	20	40	36	48	65	16	11	16	458	278	146,5
Support for the settlement of young farmers	11	14	68	54	38	79	44	24	14	26	372	31,6
Development of the processing of agriculture products and marketing	1	2	1	2	2	3	1	0	0	2	14	35,0
Orderliness of the water sources in agriculture activity	1	1	0	0	5	2	0	0	0	1	10	13,9
Reconstruction of land plots	0	0	0	0	0	0	0	0	0	0	0	0
Consultations for farmers and rural business	0	1	4	2	0	1	0	1	0	3	12	16,4
Diversification of agriculture and related economic activities and Development of rural tourisms and crafts	6	2	4	2	1	2	2	1	7	8	35	31,1
Development of the forestry	4	3	4	2	0	1	1	0	3	6	24	4,9
Leader plus	1	2	4	1	3	12	0	4	3	17	47	0,9
Training	2	1	26	0	1	7	2	5	3	9	56	3,7
Fisheries measures	0	25	2	1	0	0	0	0	1	5	34	53,1
Total	37	71	153	100	98	172	66	46	46	93	882	337,5

Source: Lithuanian Ministry of Agriculture, 2004

The task ahead is to prepare for application period of year 2005, to improve administrative capacities and to disseminate the information to farmers.

3. Conclusions

Rural areas forms significant part of Lithuanian territory and make significant contribution to economic and social development. 30,8 per cent of population lives in approximately 22,000 rural settlements of various size. In 2003, the rural population was estimated at 1,145 million inhabitants. The proportion of urban-rural population among counties is quite even – there are three counties with an above average urban population,

as well as three counties with an above rural population and four counties with above average. At the end of 2001 the total rural working population made up to 30 per cent of total Lithuanian employment, while agriculture, forestry and fishery employment rate was estimated at 17,8 per cent. The total unemployment rate in rural areas was of about 14,6 per cent in 2001. Usually, the rural activity rate is considerably lower than the urban one. At the end of 2001, it was 57,4 per cent compared to 63,2 per cent in Lithuanian urban areas. Consequently, lower activity and employment of the rural population leads to lower average disposable household income compared to urban population. Analyzing the percentage distribution of disposable income by source and residential area for 2000, urban dwellers derived 59,4 per cent of their income from employment, almost twice than the rural peoples (29,1 per cent). Data on employment and household income reveal major weaknesses in Lithuanian rural areas: first, high dependence on one source of income – agriculture; second, high unemployment among rural youth, and third, a widening income gap between urban and rural households. Secondary education is dominant amongst rural population.

Since Lithuania has joined the European Union in May 2004, population of rural areas starting to receive significant financial aid from the European budget. Largest share of EU finances is going to be redistributed as the direct payments constituting in 2004 55 per cent of EU level. Programmes and finances, targeted directly to support the rural development, are considered in the so-called programming documents, prepared by the Government and approved by the European Commission. These are: National Plan for Rural development 2004-2006, including 7 measures of rural development; Single Programming document for 2004-2006 aiming to outline and prioritize the use of structural funds in Lithuania, including the agricultural and fisheries part which is laid down as the priority 4 comprising 10 measures. 611, 8 mln. Euro are foreseen to aid the rural development in Lithuania in 2004-2006, adding additional 622,0 mln. Lt. foreseen under the structural support. Analysis of the applications for year 2004 calls show that the EU aid is going to be fully absorbed by Lithuanian farmers.

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