



The Challenges to Rural Development Policy in the New Independent States (NIS)

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Diversity of rural areas in CLS

- ❖ suburban
- ❖ rural with intensive agricultural production
- ❖ rural with agricultural and non-agricultural activities
- ❖ remote rural and marginal

Kazakhstan: grouping of rural settlements: criteria

- economic potential
 - soil fertility – 12 points
 - distance to markets – 9 points
 - entrepreneurial activity – 5 points
 - development of food processing - 5 points
 - ag. machinery provision - 8 points
 - use of irrigation systems – 0-7 points
 - arable land p.c.- 7 points
 - pastures p.c.-7 points
- infrastructure
 - water supply – 7
 - roads – 7 points
 - gas supply – 3 points
 - electricity supply – 7 points
 - communications – 6 points
- social development
 - education- 3 points
 - healthcare- 3 points
 - housing – 23 points
 - employment – 1 point
 - poverty – 1 point
- environment
 - radiation
 - soil salinity
 - water quality

Kazakhstan: grouping of rural settlements: clusters

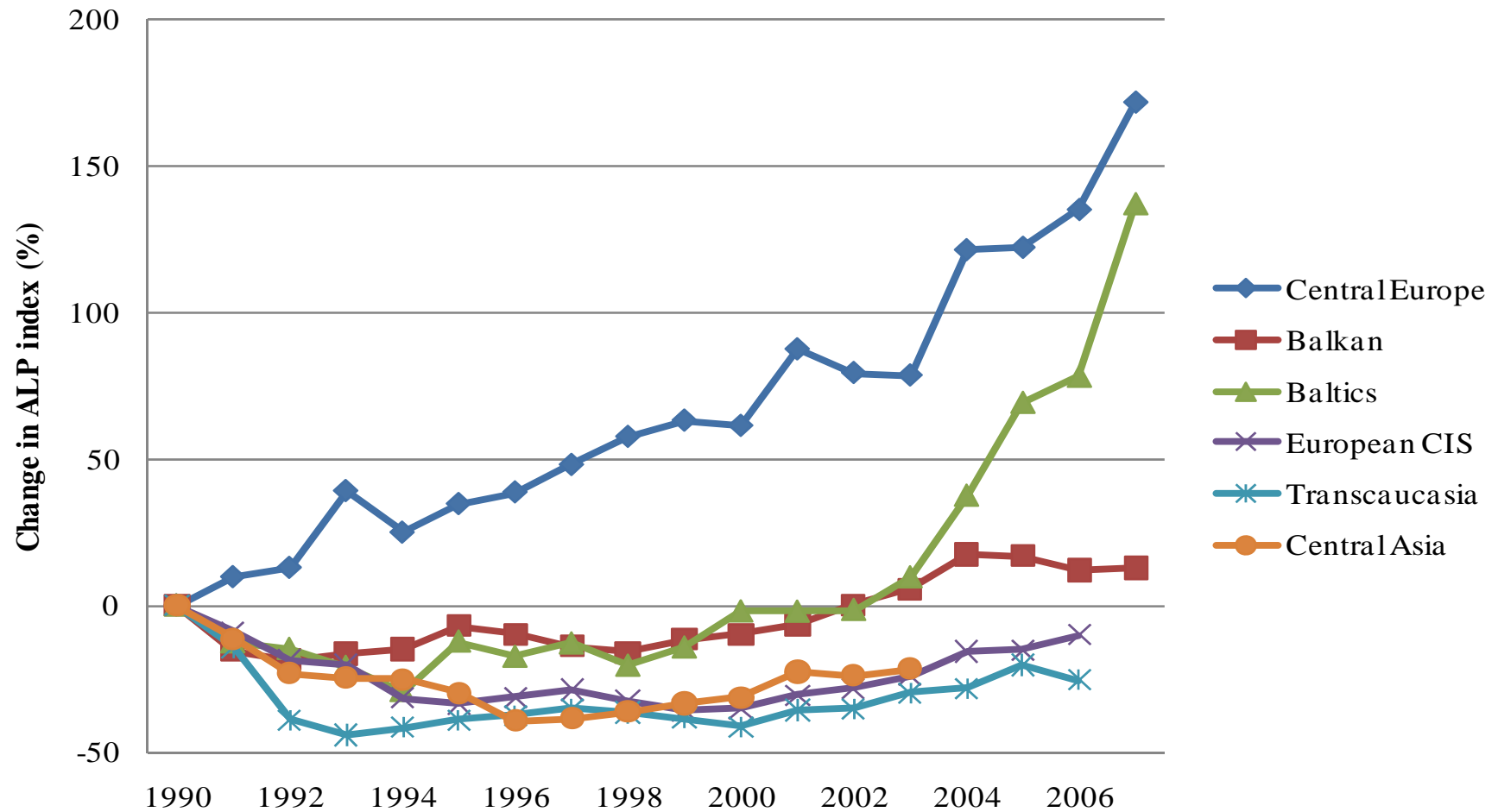
- | | |
|------------------------------------|--------------|
| ❖ Highly developed >70 p | ❖ 1062 (14%) |
| ❖ Moderately developed 35-69 p | ❖ 5664 (74%) |
| ❖ Underdeveloped 1-34 p | ❖ 776 (10%) |
| ❖ With extremely bad environment 0 | ❖ 22 (0,3%) |

in 136 (1.7%) settlements there is no population

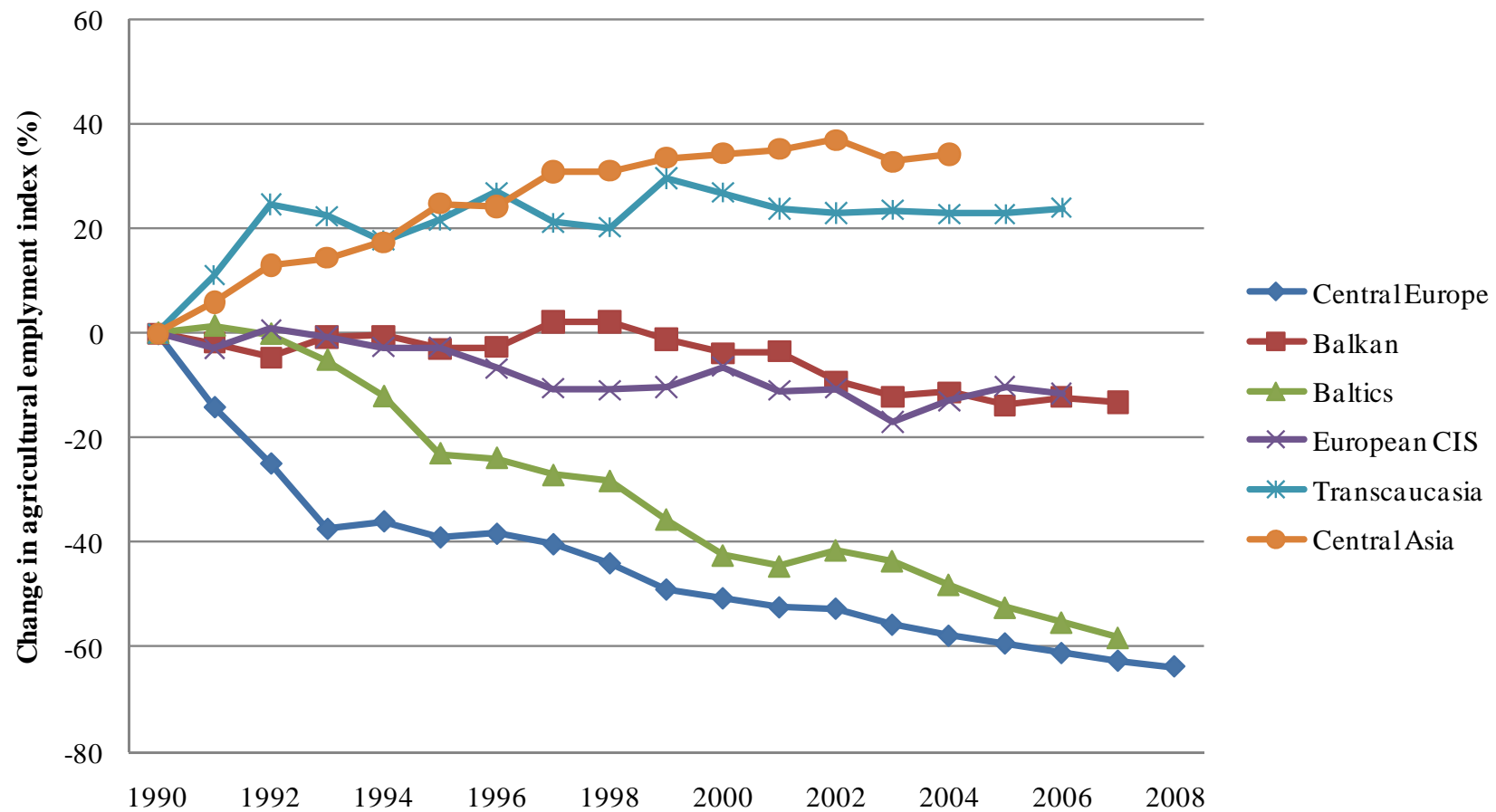
Challenges

- ❖ Decreasing labour productivity
- ❖ Impending reduce in ag. employment
- ❖ Worsening of human capital in rural area

Labour Productivity

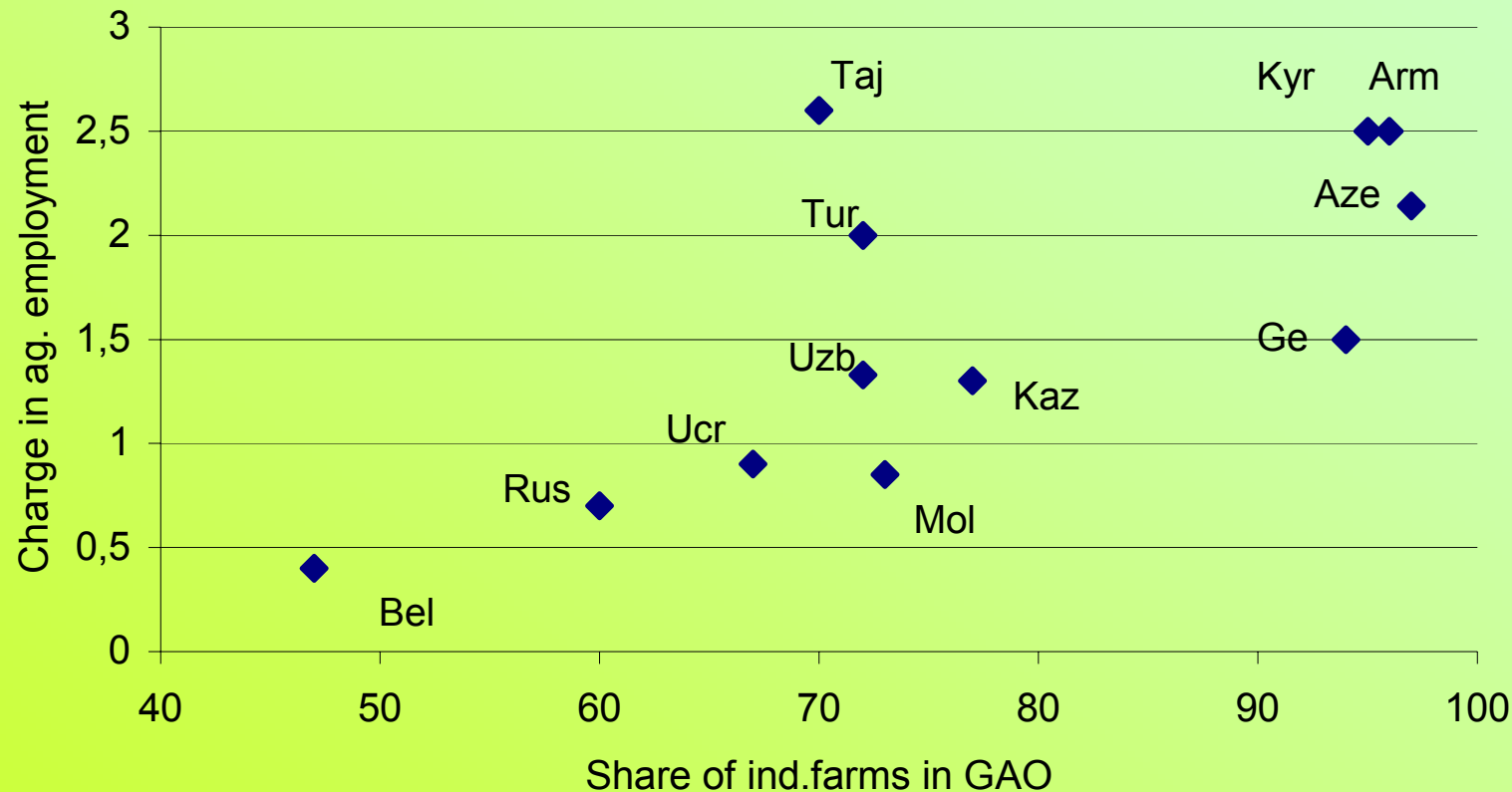


Impending reduce in ag. employment



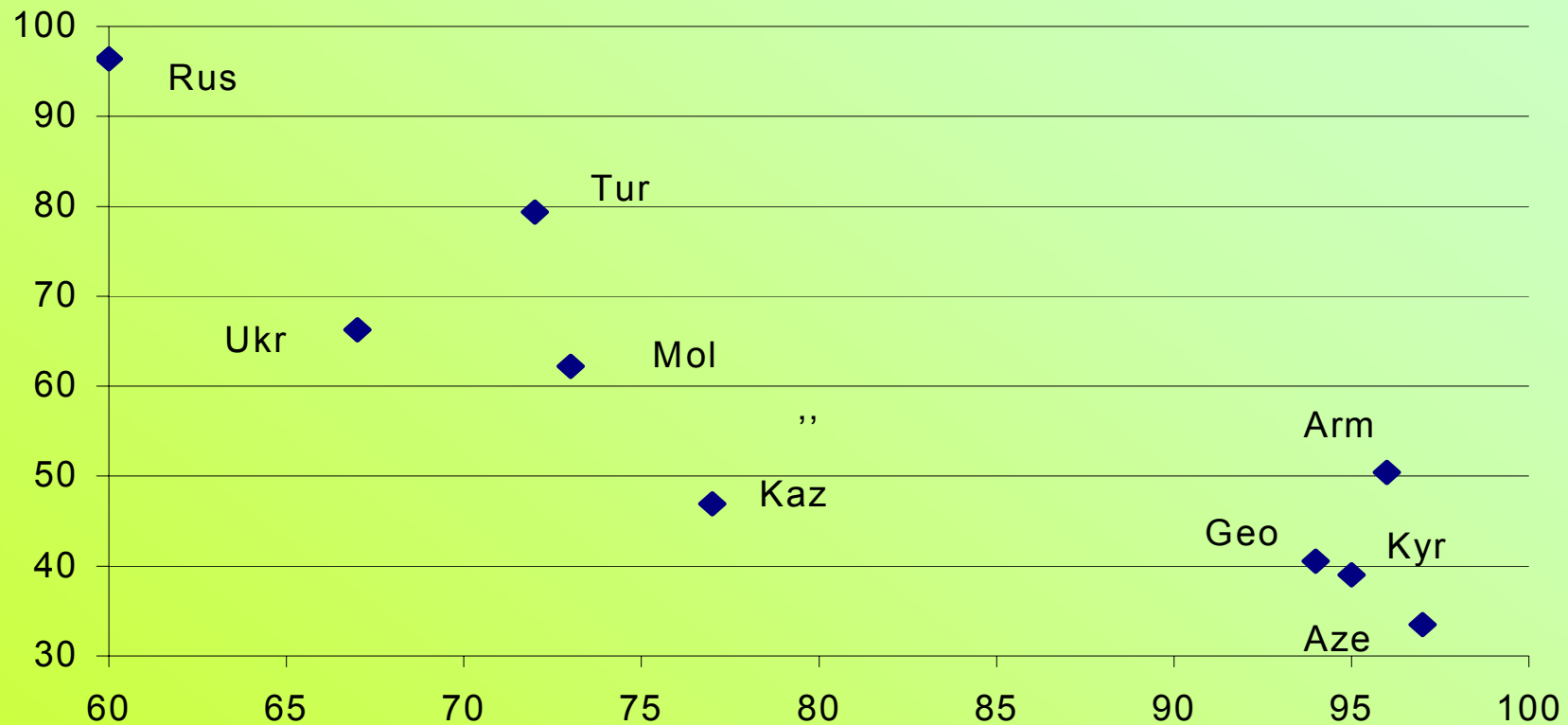
Impending reduce in ag. employment

Change in Agricultural Employment in 1987-2003 (times) and
Share of Individual Farms in Gross Agricultural Output (%)



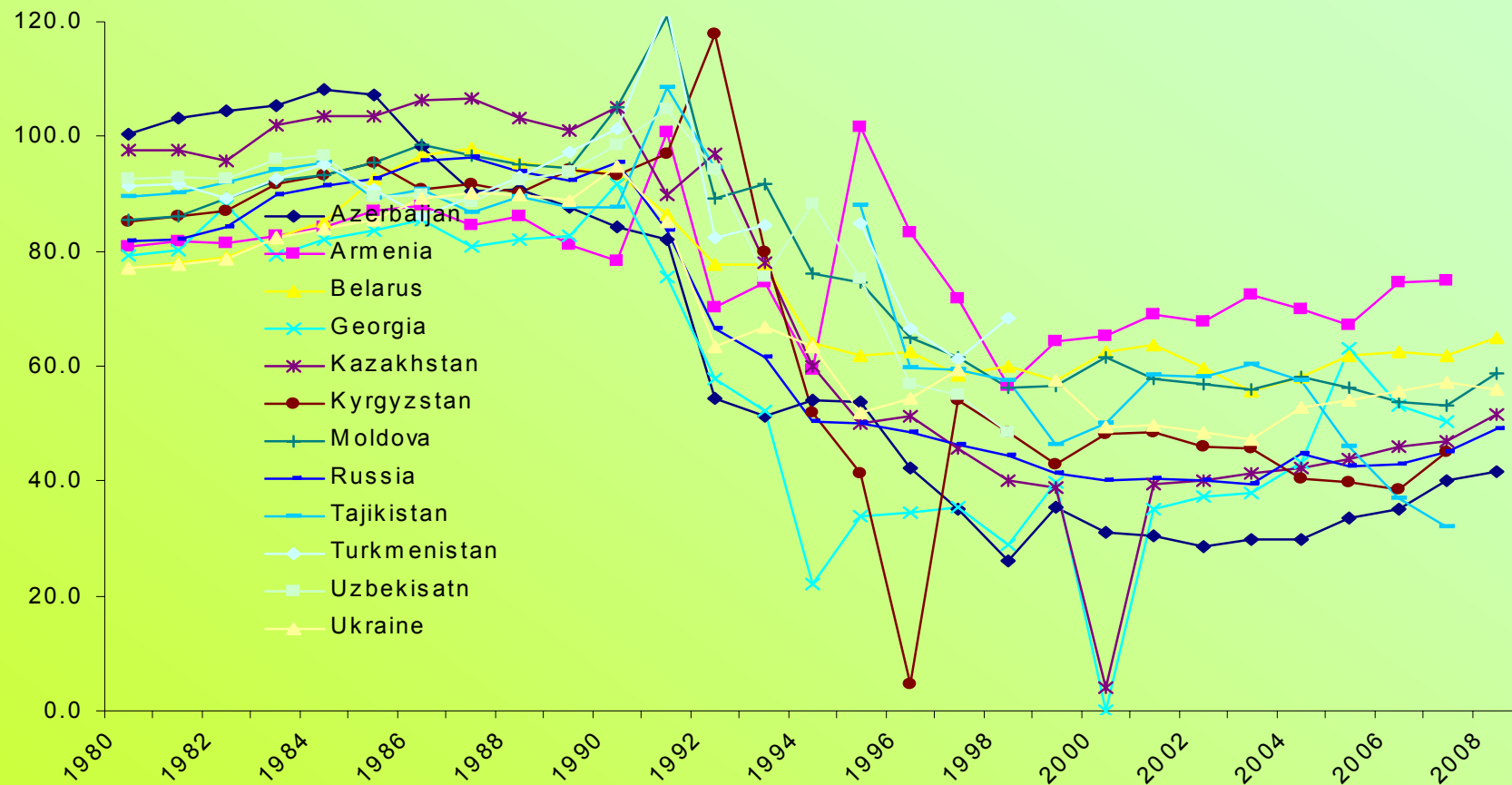
Impending reduce in ag. employment

Change in Labour Productivity and Share of
Individual Farms in Gross Agricultural Output, %



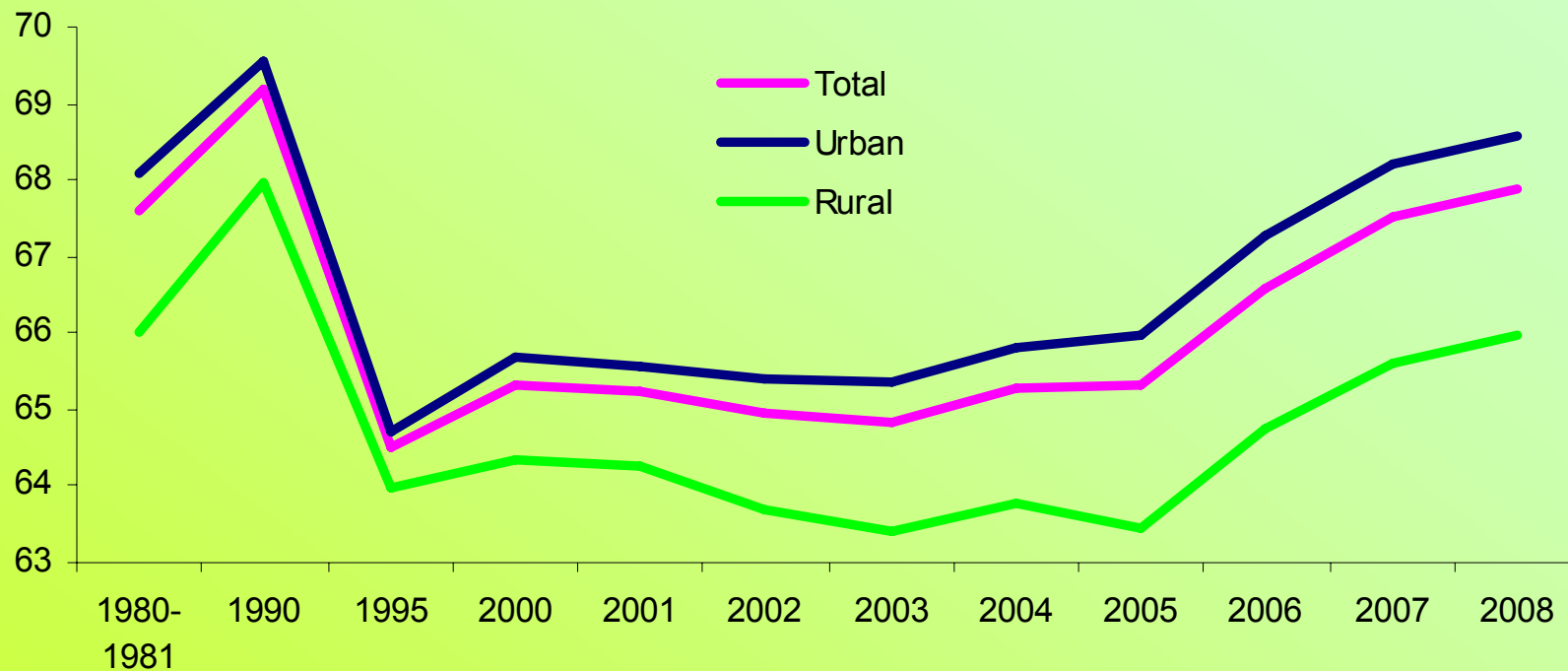
Impending reduce in ag. employment

Share of average ag. wage in total average wage in economy, %



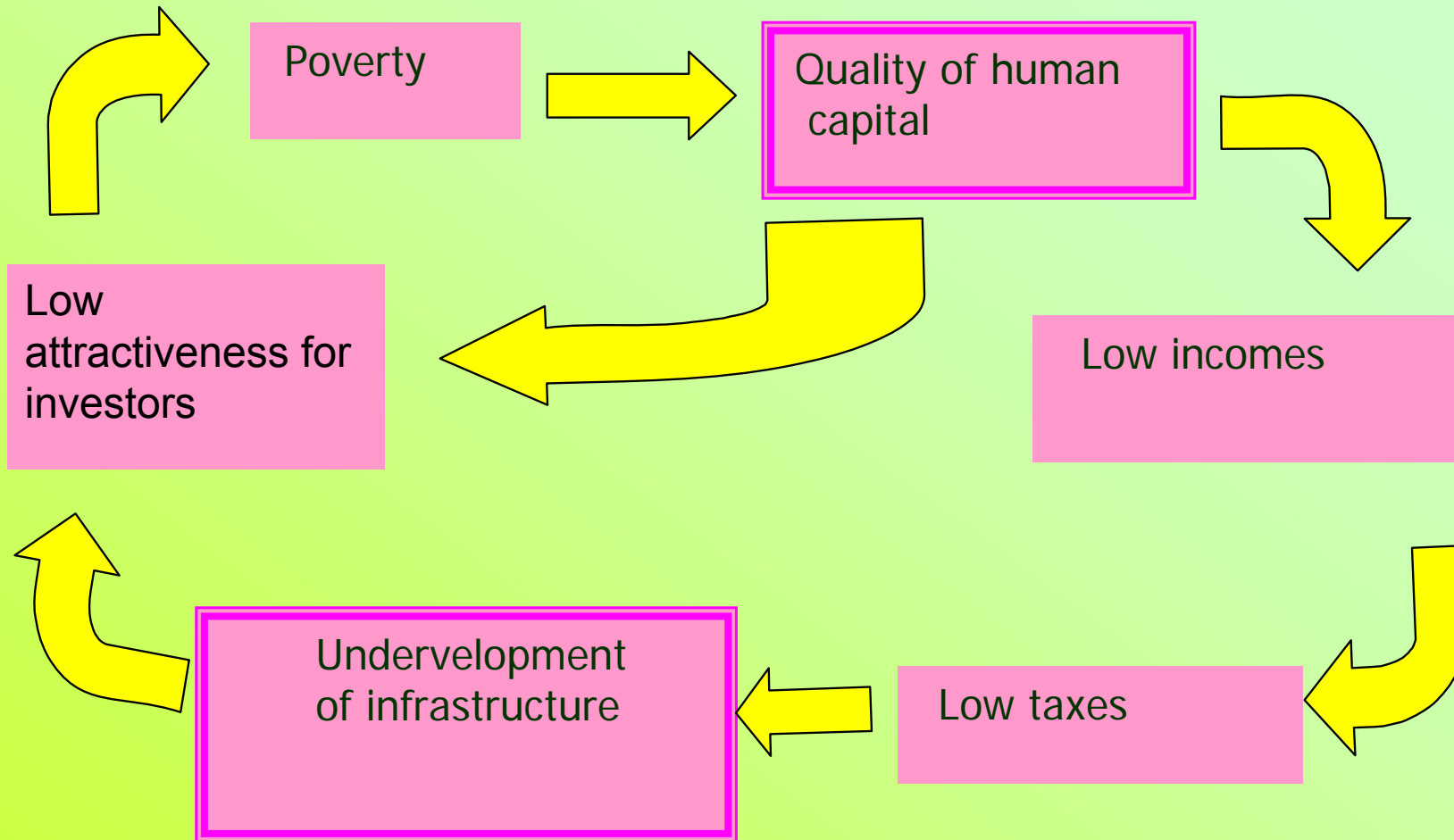
Worsening of human capital in rural area

Russia: Life expectancy of rural and urban population, years



Rosstat, 2009

Policy challenges



Solution

Sound national rural policy targeted at:

- ❖ establishment of non-agricultural sources of income in rural areas
- ❖ creation of appropriate living standards facilitating attraction of effective supply of labour for rural economy

Policy existed

- ❖ Russia

- ❖ Federal program Social development of rural areas till 2012

- ❖ Ukraine

- ❖ State target program on development of Ukrainian rural areas till 2015

- ❖ Kazakhstan

- ❖ State program on development of rural territories in 2004-2010